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THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume III

(15th March to 28th March, 1927)

FIRST SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1927



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1927

Legislative Assembly.

The President :

THE HONOURABLE MR. V. J. PATEL.

Deputy President :

MAULVI MUHAMMAD YAKUB, M.L.A.

Panel of Chairmen :

MR. M. A. JINNAH, M.L.A.

THE REV. DR. E. M. MACPHAIL, M.L.A.

MR. M. R. JAVAKAR, M.L.A.

MR. K. C. NEOGY, M.L.A.



Secretary :

MR. L. GRAHAM, C.I.E., M.L.A.

Assistants of the Secretary :

MR. W. T. M. WRIGHT, C.I.E., I.C.S.

MR. S. C. GUPTA, BAR.-AT-LAW.

MR. G. H. SPENCE, I.C.S.

Marshal :

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

Committee on Public Petitions :

MAULVI MUHAMMAD YAKUB, M.L.A., *Chairman.*

MR. K. C. NEOGY, M.L.A.

MR. JAMNABAS M. MEHTA, M.L.A.

LIEUT.-COLONEL H. A. J. GIDNEY, M.L.A.

MR. C. DURAISWAMY AIYANGAR, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 23rd March, 1927.

The Assembly met in the Assembly Chamber of the Council House at Ten of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

CONNECTION OF AKYAB WITH THE MAIN RAILWAY LINE IN BURMA.

1127. ***U. Tok Kyi:** (a) Is it not the intention of Government to connect Akyab with the main railway line in Burma?

(b) If the answer be in the affirmative, will Government be pleased to state when the work will be taken in hand?

(c) Will Government be also pleased to state when they expect to complete the railway extension from Ye to Tavoy?

(d) Can the Kayan-Thougwa Railway be ready for opening to traffic during 1927?

Mr. A. A. L. Parsons: (a) and (b). The possibility of such a connection has often been considered, but the difficulties are so great that I am unable to say whether, and, if so, when the work will be taken in hand.

(c) The question of extending the railway from Ye to Tavoy is now being examined by the Railway Board. It is estimated that the extension would take about 3½ years to build.

(d) No. Progress of construction was hampered on account of the floods of August 1926.

U. Tok Kyi: May I ask, Sir, with regard to part (d) whether the Kayan-Thougwa Railway can be opened next year, if not this year?

Mr. A. A. L. Parsons: I am afraid I cannot say at the moment; I will look up what papers we have in the office and will let the Honourable Member know.

REMOVAL OF THE ARSENAL IN RANGOON TO MINGALADON.

1128. ***U. Tok Kyi:** (a) Will Government be pleased to state the probable date on which the Arsenal in Rangoon will be removed to Mingaladon?

(b) Can the whole of the Cantonment in Rangoon be moved to Mingaladon before the end of this year? How do the Government propose to dispose of the cantonment land in Rangoon?

(c) Are they aware that roughly the land within the radius of half a mile from the Shwe Dagon Pagoda was originally pagoda land? If so, will they be now prepared to restore to that Pagoda all the land within the said radius taken up by the Army Department?

Mr. G. M. Young: (a) It is hoped to make the move before the end of 1927.

(b) One Company of British Infantry, one Company of Indian Infantry and some other details will be retained in Rangoon. The area with the exception of a small portion required to accommodate the above detachments is being handed over to the Local Government in exchange for the land required at Mingaladon.

(c) The Government of India are not aware that the facts are as stated, but the matter is primarily the concern of the Local Government.

SECOND MASTERSHIP IN THE GOVERNMENT MOINIA ISLAMIA HIGH SCHOOL, AJMER.

1129. ***Rai Sahib M. Harbilas Sarda:** (a) Is it a fact that the vacant post of second master, Government Moinia Islamia High School, Ajmer, has been filled up by the appointment of a very junior Moslem teacher on the staff of that school, overriding the claims of a number of senior teachers on the staff of that school as well as those on the staffs of other Government High Schools in Ajmer?

(b) If the answer be in the affirmative, will Government be pleased to state its reasons for such action?

Mr. J. W. Bhore: (a) and (b). The second mastership was filled when it fell vacant by the promotion of the fourth master. The third master who alone of the staff was superseded had no training qualifications. The selection was considered the most suitable possible.

APPOINTMENTS IN THE AJMER-MERWARA EDUCATION SERVICE ON RS. 100 AND OVER.

1180. ***Rai Sahib M. Harbilas Sarda:** How many appointments are there in the Ajmer-Merwara Education Service carrying a salary of Rs. 100 or over? How many of them became vacant during the last three years and how many were given to Muhammadans and how many to Hindus?

Mr. J. W. Bhore: There are at present 32 appointments in the Ajmer-Merwara Education Department carrying a pay of Rs. 100 or over. Out of these 8 fell vacant during the last three years. 3 of these vacancies were filled by Hindus and 5 by Muhammadans.

GRANT OF A SITE FOR AN ISLAMIA HIGH SCHOOL IN THE CANTONMENT OF PESHAWAR FOR THE CHILDREN OF RETIRED MILITARY OFFICERS.

1181. ***Raja Ghazanfar Ali Khan:** (a) Do Government know that there is no Islamia School, with a hostel in the central place in the Cantonment of Peshawar for the education, including that of theology, of the children of the retired military officers living in and outside the town of Peshawar?

(b) Is it a fact that the present Islamia School is situated in an unhealthy locality of the town and is unsuitable for the requirement of the ex-military officers in various respects detrimental to their children's education?

(c) Is it a fact that a representative deputation consisting of Khans and Nawabs and a big majority of the Indian ex-military officers of Peshawar waited upon the Honourable the Chief Commissioner, North-West Frontier Province, and the General Officer Commanding the District a few months

ago for the grant of a site for the construction of an Islamia High School in the Cantonment for the convenience of the Indian ex-military officers of the North-West Frontier Province?

(d) Did the General Officer Commanding refuse to grant the site applied for on the ground that it was desired to be left alone as a sanitary cordon?

(e) Is it a fact that owing to the extension of the railway station at Peshawar a large area of the land declared to be a sanitary cordon is already being allotted to the Railway Department besides a large number of buildings already existing in that locality?

(f) Are Government aware that the site applied for by the retired Indian military officers of Peshawar is situated in close proximity to the town whereas the military lines are situated at a considerable distance from the city wall?

(g) Do Government propose to consider the matter and meet the desire of the officers mentioned?

Mr. G. M. Young: (a) Yes, Sir.

(b) The present Islamia school is situated in an exceptionally healthy position, a long way from the town. Government have received no complaints from ex-military officers or others about its unsuitability as a place of education for their children.

(c), (d), (e) and (f). Government have no information.

(g) I will inquire into the matter and inform my Honourable friend of the result.

USE OF A PART OF THE OLD KACHERY MOSQUE IN PESHAWAR CANTONMENT FOR THE DUMPING OF MANURE.

1192. ***Raja Ghazanfar Ali Khan:** (a) Do Government know that the Cantonment authority of Peshawar is using a part of the old Kachery Mosque in Peshawar Cantonment for the dumping of manure?

(b) Are Government aware that a special Committee convened under Cantonment Board Resolution, No. 21, dated 25th August, 1926, recommended that the area should be cleaned up and planted with grass?

(c) Will Government state whether the recommendations of the special Committee were carried out?

(d) Do Government know that the objectionable use of the Mosque in question is still being continued by allowing the manure to be kept there?

Mr. G. M. Young: (a) and (d). No, Sir, not now.

(b) Yes.

(c) The site has been cleared and steps are being taken to regularise the tenure in accordance with the wishes of the Muslim community.

MUSLIM GRAVEYARD OUTSIDE DABGARI GATE IN THE PESHAWAR CANTONMENT.

1193. ***Raja Ghazanfar Ali Khan:** (a) Will Government state, whether the area of the graveyard situated outside Dabgari Gate, in Peshawar Cantonment was granted to the Muslim community for burial purposes after purchasing land for Cantonment purposes?

(b) If so, has information been obtained according to the instructions contained in the Army Department letter No. 30482-3-A.D., dated the 22nd July, 1925, showing compensation paid to the owners?

(c) Is it a fact that according to the Cantonment plan prepared by the Survey of India Department during 1866 the graveyard existed long before the advent of the British in Peshawar?

Mr. G. M. Young: (a), (b) and (c). It would be necessary to consult the local authorities in order to obtain the detailed information asked for. I will make enquiries if the Honourable Member wishes, but I may say that it has now been decided to grant the site to the Muslim community in perpetuity, free of rent, and there seems to be no need to go into matters of ancient history.

APPOINTMENT OF A RETIRED OFFICIAL TO PERFORM THE DUAL DUTIES
OF SUB-REGISTRAR AND A SPECIAL MAGISTRATE OF THE MUNI-
CIPALITY OF PESHAWAR.

1134. ***Raja Ghazanfar Ali Khan:** (a) Do Government know that a retired official whose hands were already full with duties of sub-registrar entrusted to him was subsequently entrusted also with the duties of a special magistrate of the municipality of Peshawar by the District authority?

(b) Are Government aware that the work of running both offices by one man being very heavy the retired official has to hold his court till late in the night every day involving a good deal of inconvenience to the public and to legal practitioners not to speak of the remarkably low percentage of outturn of work?

(c) Do Government know that the Bar Association and the Muslim Association of Peshawar protested against the appointment of a retired official to run two offices?

(d) Will Government state what action has been taken by the local authority to relieve the public of the unnecessary trouble and loss of money in engaging counsel at high fees for conducting their cases at night?

(e) Are Government prepared to consider the question of appointing another retired official for one of the two honorary appointments solely in the public interests?

Mr. E. B. Howell: Enquiry is being made from the local Administration regarding questions Nos. 1134 and 1145 and replies will be given to the Honourable Member as soon as possible. It is much regretted that the information required is not available to-day.

EMPLOYMENT OF MUSLIMS IN THE OFFICE OF THE CONTROLLER OF
MILITARY ACCOUNTS, PESHAWAR DISTRICT.

1135. ***Raja Ghazanfar Ali Khan:** (1) Do Government know that the number of accountants and clerks serving at present in the Military Accounts Department is altogether about 4,275, of whom about 870 are Muslims?

(2) Do the Government of India know that the Financial Adviser, Military Finance, instructed the Controller of Military Accounts, Peshawar District, to notify the Muslim Association, Peshawar, when any vacancy occurs in his office requiring to be filled by direct recruitment?

(3) Will Government state how many vacancies occurred in that office during 1926 which were filled by direct recruitment and how many of them were Muslims furnished by the Muslim Association and how many were non-Muslims? If no Muslim was appointed, will the Government state why the Financial Adviser's instructions were not carried out?

(4) Will Government state whether the question of the position of minority communities as regards the clerical establishment which was under the consideration of the Government of India last year has been decided by the Government of India. If so, how?

The Honourable Sir Basil Blackett: (1) The number of Accountants and clerks (including temporary establishment) at present serving in the Military Accounts Department is about 4,000 of whom about 850 are Muslims.

(2) The reply is in the affirmative.

(3) There were no permanent vacancies during 1926 in the office of the Controller of Military Accounts, Peshawar District, which were filled by direct recruitment outside the temporary establishment already employed which was itself undergoing reduction. The second part of the question does not arise.

(4) Yes. Orders were issued to all Departments of the Government of India in February 1926 applying to the clerical establishments in the Government of India Secretariat and the offices subordinate thereto the policy already stated in general terms.

SMALL NUMBER OF MUSLIMS EMPLOYED IN THE TRAFFIC AND OCTROI DEPARTMENTS IN THE NORTH-WEST FRONTIER PROVINCE SECTION OF THE NORTH WESTERN RAILWAY.

1186. ***Raja Ghazanfar Ali Khan:** (1) Do the Government of India know that the staff employed east and west of the Indus at present in the Traffic and Octroi Departments in the North-West Frontier Province section of the North Western Railway administration contains comparatively a smaller number of Muslims?

(2) Is the numerical strength of the Muslims in that Province 95 per cent.?

(3) Will Government state the number of North-West Frontier Province Muslims who have been taken for training for the posts referred to above during the past five years?

(4) How do Government account for the remarkably small number, if any at all of the North-West Frontier Province candidates having been admitted for training?

(5) Will Government state if there is any objection to the North-West Frontier Province being allotted a percentage of Muslims to be taken every year for training in various sections of the North Western Railway?

The Honourable Sir Charles Innes: I would refer the Honourable Member to the Resolution passed in this House on the 10th March 1928, which embodies the policy accepted by Government. I would also refer to my reply to unstarred question No. 8 put by Maulvi Muhammad Yakub on the 27th January 1927. The Agent of the Railway has been made aware of the policy of Government and they have no doubt that he is giving effect to it.

TRANSFER OF THE POWER OF TRYING CASES UNDER THE CANTONMENT ACT TO MAGISTRATES UNCONNECTED WITH CANTONMENT BOARDS.

1187. ***Raja Ghazanfar Ali Khan:** (a) Do the Government of India know that the City Magistrates who represent the District Magistrates on Cantonment Boards in the North-West Frontier Province are *ex-officio* Members of the Boards and are performing two functions combined, *vis.*, as Members of the Board sanction prosecutions of accused persons for offences under the Cantonment Act and as Magistrates themselves try the same cases exactly as was the case when formerly Cantonment Magistrates used to do the executive and judicial work themselves?

(b) Do Government propose to take immediate steps to transfer the powers of trying the cases under the Cantonment Act to a Court having nothing to do with the business of the Board?

Mr. G. M. Young: (a) and (b). The Government of India have no information whether the facts are as stated in the question. The matter is within the discretion of the Chief Commissioner and Agent to the Governor General, North-West Frontier Province, to whom a copy of the Honourable Member's question and of this reply will be sent.

ACTION OF THE CANTONMENT AUTHORITY IN PESHAWAR IN REGARD TO BUNGALOW NO. 2, ROOS KEPPEL LANE.

1188. ***Raja Ghazanfar Ali Khan:** (a) Do Government know that the Cantonment Authority of Peshawar is appropriating on a 5 years' repairing lease under the House Accommodation Act Bungalow No. 2, Roos Keppel Lane, for Royal Air Force officers which is already leased to a Royal Air Force officer and which is always available for occupation by that Department?

(b) Are Government aware that this procedure is against the terms of section 8 (2) of the Act and that it unnecessarily harasses the owners and creates anxieties among the house owners?

(c) Are Government prepared to have the arbitrary action of the Cantonment Authority stopped for the future?

Mr. G. M. Young: Government are aware of the case, and have called for a report from the military authorities. I will communicate the result to my Honourable friend.

ATTEMPT OF COLONEL J. MORAN, MILITARY ESTATES OFFICER, PESHAWAR, TO TAKE POSSESSION OF A PIECE OF LAND ATTACHED THE ABU TURAB SHRINE.

1189. ***Raja Ghazanfar Ali Khan:** (1) Do the Government of India know that the attempt made by Colonel J. Moran, I.A., Military Estates Officer, Peshawar, to take possession of a piece of land attached to the Abu Turab Shrine outside Edwards Gate of Peshawar City has created anxieties and sensation in the minds of the Muslims of Peshawar town and abroad? •

(2) Do Government realize the gravity of the situation which will hurt the feelings of the Muslim public there?

(3) Do Government propose to take immediate steps in the matter?

Mr. G. M. Young: (1) No, Sir.

(2) and (3). Government are not in possession of the facts, but I have made enquiries and will let the Honourable Member know the result as soon as possible.

INCREASE OF THE PERCENTAGE OF MUSLIMS IN MINISTERIAL SERVICE
IN THE OFFICES OF THE EXECUTIVE OFFICERS AND OF THE
MILITARY ENGINEERING SERVICE, NORTH-WEST
FRONTIER PROVINCE.

1140. ***Raja Ghazanfar Ali Khan:** (1) Will Government state the number of Muslims and non-Muslims employed in ministerial service in the offices of the Executive Officers and of the M. E. Service in the North-West Frontier Province and whether vacancies are filled by direct recruitment or by a test examination?

(2) In the former case are Government prepared to lay down a uniform system of recruitment by a test examination?

(3) Will Government state what action they propose to take for increasing the percentage of Muslims in those offices which may be consistent with their numerical strength?

Mr. G. M. Young: (a) to (c). I have made enquiries and will let the Honourable Member know in due course. All candidates for appointment to the permanent clerical establishments of the M. E. S. are required to pass a departmental examination. They are not recruited by direct appointment. Government are at present considering the question of communal proportions in Command and district headquarters and other offices of the Army in India. They will also consider whether it is desirable to issue instructions regarding communal proportions in the clerical establishments of Cantonment Boards. But I would remind my Honourable friend that Cantonment Boards are municipal bodies, consisting of elected non-official members as well as officials.

TRAINING OF CADETS ON THE TRAINING SHIP "DUFFRIN".

1141. ***Mr. Sarabhai Nemchand Haji:** (a) Will Government be pleased to state the number of years for which each cadet will have to undergo training on the proposed training ship in Indian waters before he is entitled to receive the training ship leaving certificate?

(b) Will Government be pleased to state the age at which cadets will be admitted for training on the training ship?

(c) Will Government be pleased to state the fees which each cadet will have to pay annually for receiving training on the training ship?

(d) Will Government be pleased to state when they propose to give legislative effect to the recommendation of the Indian Mercantile Marine Committee in regard to the employment, by the steamers plying on the coast of India, of cadets from the training ship on their obtaining the necessary certificates of competency as officers on their steamers?

(e) Will Government be pleased to state the steps that they have taken or propose to take for the training of engineer officers for steamers?

The Honourable Sir Charles Innes: (a), (b) and (c). Government will shortly issue a Prospectus for the Training ship which will contain the information which the Honourable Member requires.

(d) Government do not consider that any need for such legislation has arisen.

(e) Government are examining the question of providing facilities for the training of Indians for engineer officers on steamers.

APPOINTMENT OF MILITARY OFFICERS AS HIGH COURT JUDGES.

1142. ***Lieut.-Sardar Muhammad Nawaz Khan:** (a) Will Government please state whether officers seconded from military employ who have held, for more than five years, judicial office not inferior to that mentioned in section 101 (3) (c) of the Government of India Act are eligible to become Judges of a High Court?

(b) If the answer to (a) is in the negative, will Government please give reasons for this invidious distinction?

The Honourable Sir Alexander Muddiman: (a) and (b). There is no legal bar to the appointment of such officers as High Court Judges.

INTER-DEPARTMENTAL TRANSFERS OF MEN IN THE SECRETARIAT AND ATTACHED OFFICES, ETC.

1143. ***Mr. C. S. Ranga Iyer:** 1. (a) Will Government be pleased to state whether those assistants either in the Secretariat or the attached offices of the Government of India who have not passed the Staff Selection Board's examination are held eligible for inter-departmental transfer in the same grade?

(b) If the answer be in the negative, will the Government be pleased to give the reasons?

2. (a) Will Government be pleased to state whether the permanent assistants in the attached offices of the Government of India who have put in meritorious good service and have long experience are transferred to the departments of the Imperial Secretariat?

(b) If not, why not?

(c) Is it not a fact that they have a favourable scale of service in the Imperial Secretariat?

3. Will Government be pleased to state if it is not a fact that assistants in the attached offices or in the Secretariat are actually doing the work of assistants (lower or higher division) and drawing the pay of the lower or routine division irrespective of the work turned out by them of a superior character? If yes, why?

The Honourable Sir Alexander Muddiman: 1. (a) Yes.

(b) Does not arise.

2. (a) and (b). If there is a vacancy in the upper division of a Secretariat Department and there is a qualified man in the lower division of the same office the department generally prefers to promote that man and not to take a man from outside. There is nothing in the rules to prevent the transfer of an assistant in an attached office who is qualified for the

upper division, but in practice vacancies are generally of short duration and apart from the consideration already mentioned they cannot be offered to permanent men in other departments.

(c) The scale of pay sanctioned for the upper division of the Secretariat is higher than that for the attached offices.

8. It is a fact that some assistants and clerks sometimes have to do a higher class of work than that which strictly appertains to the division of which they draw the pay. This is due to the fact that neither the quantity of work of a higher class at any one time nor the number of men in different divisions can be related to each other with mathematical precision.

CONTRIBUTIONS BY GOVERNMENT SERVANTS TO THE *KHADI* FUND.

1144. ***Mr. M. S. Sessa Ayyangar**: Will Government be pleased to state if Government servants are as a matter of fact precluded from contributing to the *Khadi* (*khaddar*) Fund and, if so, why?

The Honourable Sir Alexander Muddiman: I have no precise information regarding the *Khadi* Fund, but if it is a political movement Government servants are debarred from making contributions to it under Rule 23 of the Government Servants' Conduct Rules, a copy of which is in the Library of this House. The Government of India have issued no special orders relating to the fund.

PROPORTION OF COMMUNAL REPRESENTATION IN GOVERNMENT SERVICE IN THE NORTH WEST FRONTIER PROVINCE.

†1145. ***Raja Ghasanfar Ali Khan**: (a) Will Government be pleased to state whether the proportion of communal representation in Government service contemplated by the Honourable the Chief Commissioner, North-West Frontier Province, a year ago has been fixed and if so, what and on what basis?

(b) Is it a fact that the Chief Commissioner, North-West Frontier Province, had under his consideration last year the question of fixing the ratio of various communities in the services? If so, what are his final conclusions, if any?

ARTICLE IN THE *MUSLIM OUTLOOK* REGARDING THE FORMATION OF A WHITE LEAGUE IN NEW ZEALAND.

1146. ***Raja Ghasanfar Ali Khan**: (a) Has the attention of Government been drawn to an article published in the *Muslim Outlook* under the heading "Formation of a White League in New Zealand"?

(b) If so, did Government take any steps to inquire what were the objects of this League?

(c) Are Government aware that there is a fairly large number of Indian settlers in New Zealand?

(d) Do Government propose to use their good offices with the Government of New Zealand to see that the Indian settlers are not adversely affected by the propaganda of this League?

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

(b) No.

(c) According to the census of 1921 the number of Indians in New Zealand is 606.

(d) No. Government have no reason to believe that the League has influenced the attitude either of the Government or the majority of the people of New Zealand adversely towards the Indian community in that dominion.

ARTICLES IN THE *MUSLIM OUTLOOK* REGARDING THE PITIABLE PLIGHT OF MR. SALAMAN, A NATIVE OF AMRITSAR, NOW RESIDENT IN AUCKLAND, NEW ZEALAND.

1147. ***Raja Ghazanfar Ali Khan:** (a) Has the attention of Government been drawn to two articles published in the *Muslim Outlook* of Lahore in its issues dated 12th and 18th February, 1927, wherein the pitiable condition of one Mr. Salaman, a native of Amritsar, and now resident in Auckland, is vividly described?

(b) If so, do Government propose to take any action in the matter to alleviate the sufferings of Mr. Salaman at a very early date?

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

(b) The Government of India do not propose to make representations in Mr. Salaman's behalf as this would amount to questioning the decision of the law courts in New Zealand in a matter of purely individual concern.

RESERVATION OF COMPARTMENTS ON THE NORTH WESTERN RAILWAY.

1148. ***Mr. Muhammad Ismail Khan:** (a) Is it a general practice with the North Western Railway to agree to reserve compartments and then to break their promise without giving any previous notice of the fact or stating the cause thereof?

(b) If any such cases are brought to the notice of Government do they propose to make an inquiry and discourage the recurrence of such cases?

Mr. A. A. L. Parsons: (a) No, the rule is that reserved compartments or carriages are not guaranteed but when such are available and when there is sufficient room on the train reserved accommodation will be supplied, if not less than 48 hours' notice is given to the station master of the station concerned.

(b) I am sure the Agent will look into any specific case in which the rule that I have quoted is not observed, if it is brought to his notice.

Maulvi Muhammad Yakub: Are the Government aware that Raja Ghazanfar Ali Khan, M.L.A., asked the station master at Kirkee to reserve two second class compartments for him and when he arrived at the station with his ladies he found that the station master had forgotten to arrange for the compartments and he was put to very great inconvenience?

Mr. A. A. L. Parsons: I think the Honourable Member had better address that question to my friend Raja Ghazanfar Ali Khan.

ELECTION OF THE STANDING FINANCE COMMITTEE.

Mr. President: The Assembly will now proceed to elect members not exceeding fourteen in number to serve on the Standing Finance Committee for the financial year 1927-28. There are 24 candidates whose names are printed on the ballot papers, but one of them, Lala Lajpat Rai, has withdrawn his candidature. Ballot papers will now be supplied to Honourable Members in the order in which I call them.

(The ballot was then taken.)

THE INDIAN FINANCE BILL—contd.

Mr. President: The House will now resume further consideration of the Finance Bill, clause by clause.

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

Mr. President: Before we take up other clauses of the Bill, I think it would facilitate business if I first take the Schedules to the Bill. If these Schedules are settled, the passing of the other clauses of the Bill will merely be then a formal matter. Therefore, with the consent of the House, I propose to take Schedule I. The question is that Schedule I stand part of the Bill.

In connection with this Schedule, there are several amendments both in regard to the reduction of the rate on letters and reduction of the rate on postcards. Amendments No. 26 to No. 31 all relate to the reduction of the rate on letters. I am not sure whether Honourable Members desire to discuss the question of reduction of the rate on letters. If they do not, I shall take up the question of reduction of the rate on postcards.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): Not on this side.

Mr. President: Then I take up amendment No. 32.

Mr. C. Duraiswamy Aiyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I beg to move:

“ That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head ‘ Postcards ’ the following be substituted :

Single	...	Quarter of an anna.
Reply	...	Half an anna .”

Sir, ever since the rate of postcards was increased from a quarter anna to half an anna, there has been a very strong feeling of discontent among the people that the little means of communication that was open to them has been withdrawn: it is a matter that is well known; it is also admitted in the Moral and Material Progress of India for 1924-25,—I mean the feeling that exists in the country is well represented there. Sir, I press this upon the Honourable Sir Bhupendra Nath Mitra with a little previous apology, that I do wish to press this question of the reduction of rates of postcards, although I might have equally strongly argued for the increase of salaries for the subordinates of the Postal Department. That postcards have been popular in this country goes without saying. If you compare the figures of 1913-14 with those of 1921-22 you will find that there has been an increase of 42·2 per cent. in the use of postcards as against 32·7 in

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the use of covers and envelopes. But the moment the charge was increased, in 1922-23 we notice a sudden decline in one year by 17 per cent. In 1921-22, the total number of postcards used by the country was 648,470,982. Now, Sir, in the next year, 1922-23, the number of postcards used was 528,628,419. In subsequent years, we find an increase by a very small percentage as a matter of sheer necessity; if you drive the people to extremes, of course it is impossible that they should not—even at an unbearable cost—make use of the only means of communication which lies in their hands. So we find a very small increase in 1923-24, when the figure was 581,906,208, and in 1924-25 542,365,050 postcards were used. If you compare the rate at which it had been progressing in the earlier years, when we had the quarter anna postcard, you will find that this increase in the use of postcards is not out of love but sheer necessity and therefore it is that we do not find a very gradual development in the manner and at the pace with which it had been progressing prior to that. If therefore you compare the figures of 1921-22 with the figures of 1924-25, you will find that there is a reduction in the use of postcards to the extent of 106,105,882 and I ask you to add to that 72,210,984 which have come away from the letters to the postcards. Just as when you increase railway fares, second-class passengers will go into the third class, and first class passengers into the second class, so you will find that those who were using envelopes had recourse to postcards when the rates were increased, and so you find 72,210,984 going over in that manner. Therefore, the total loss or deprivation of the use of postcards comes to 178,316,866 for those who had been using cards prior to the raising of the postal rates. Therefore, Sir, it is a matter for serious consideration by the Government as to whether, in the interests of pure finance, it is proper and admissible for Government to deprive a large number of people of the use of postcards—the one means of communication between distant places for the poor in this country. If in the usual course the progress had been made, by this time the figures of postcards used in this particular year ought to have been 720 millions. Now, Sir, what is it that has made the Government increase the rate on postcards? It is because there has been an enormous increase in the expenditure of the establishment. There has been a large jump in the expenditure and the Retrenchment Committee—the Inchcape Committee—had dealt with it on page 98 of their Report. They give a table of the staff and salaries and other details for the years 1918-14 and 1921-22 and 1922-23 in paragraph 6 and then they say:

“ This table shews that, whereas the total staff employed has increased from 104,603 in 1913-14 to 122,444 required for 1922-23 or by 17 per cent., the cost of salaries has increased from Rs. 2,80,76,544 to Rs. 6,11,12,970 or by 118 per cent. This large increase is mainly due to the recommendations of the Postal Committee of 1920 under the Chairmanship of Mr. Heseltine which resulted in an increase of over Rs. 150 lakhs in the cost of salaries of the clerical, delivery and menial staff for 1921-22. In addition, the pay of the supervising and operating staff of the Telegraph Branch was revised upon the recommendations of a special Committee appointed by Government in the same year, involving a further expenditure of Rs. 35 lakhs. The recommendations of these two Committees have therefore resulted in an increase of Rs. 185 lakhs in expenditure.”

Having thus increased the expenditure the remedy adopted by the Government was to make more revenue by raising the postal rates and not by retrenching expenditure and making postal communication easy for the

people. It is something like cutting the head according to the cap. Then the Committee says:

"The number of officers employed has increased from 514 in 1913-14 to 679 or by 32 per cent. whereas the number of other staff has only increased by 17 per cent. The Director General has agreed that one of the 6 Assistant Directors-General might be dispensed with, saving Rs. 20,000."

Therefore, Sir, I ask you to note that what immediately led to an increase in the postal rates is not that we have not been able to work and serve the public with the ordinary postcards at a quarter of an anna but because you enhanced the expenditure. You increased it to a very extravagant scale and in order to meet it the Government had recourse to increasing the postal rates. The Inchcape Committee suggested as one of its chief recommendations that the expenditure should not exceed Rs. 8,82,00,000 but, Sir, Government budgets for an expenditure of Rs. 10,79,83,000. I submit that the increase of expenditure at this extravagant rate is no justification, is no consolation to the people when they are deprived of their postal communication. It is argued that the postal rate in this country is much cheaper than in any other country on the face of the globe. They compare it very often with the penny postage in England. Sir, considering the income and the other assets of this country, is it proper to say that it bears the same proportion as it does to the earning capacity of the people in England? What is the postal rate now in England? It is only 9 pies according to the 18d. ratio and we have to pay here 6 pies, and therefore the difference is only 3 pies. Is that a sufficient difference, I ask, between the capacity of the people in this country and the capacity of the people in the other countries? I further submit that the purposes for which the post offices are used in this country are different from the purposes for which they are used in Great Britain. In Great Britain, which is a highly commercialised country, it means business and every postcard brings money to them. But here, Sir, conditions are different, the customs are different, the usages are different and the people of this country use postal communication for various purposes which hardly bring them money. Probably it makes them loss money rather than gain money. There are, I would say, 3 or 4 kinds of purposes for which postcards are used in this country. One is social amenities. In this country, Sir, for every good thing or bad thing, for every auspicious or inauspicious thing in any particular house, a communication has to be made to all the relations, not by advertising in the papers under the birth and death column or the domestic occurrences column but writing to each relation with all respect and with all love and courtesy. That has to be done. Supposing a child is born in a family, by the time it reaches the 16th year there are 16 ceremonies to go through and in every one of these cases every Hindu is expected to invite all his relations by a postal communication when they are away from that particular village.

Mr. N. M. Joshi (Nominated: Labour Interests): Do they do it?

Mr. G. Duraiswamy Aiyangar: Yes, they do it. It is done not with an R. S. V. P. on the card as you do it here but with a heartfelt and cordial invitation to attend. This is the custom which prevails in this country and the poorer people observe it more than the richer because the richer people are not mistaken if they do not invite any relations. They are considered as occupying too high a social position to condescend to invite them. But the poorer people would be blamed and therefore I am

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sure Mr. Joshi will realise it much better. Then, Sir, we have got the village people who have day after day to send petitions to the Collectors, the Tahsildars and Revenue Inspectors about assessment, about remission of assessment and so many other things. Does that not involve so much expenditure on their part? And thirdly, Sir, come the litigants. Day after day they have got to go to courts and it is not the vakil that pays the expenditure but it is the client. Whether the client writes or the vakil writes, the expenditure is borne by the client, and therefore, in that manner also, a good deal of expenditure has to be incurred by the ordinary people. Does all this bring money or take away money? Then there is a little trade. It does not involve much communication by post because the trade of most of these persons is confined from one village to another which they do by bullock carts and probably hereafter they are expected to do it by motor transport if the scheme comes into force. But whatever it may be, Sir, these are the various purposes for which postcards are necessary in this country and it is therefore idle to contend that people are not put to any suffering by the increase in the rates of postcards.

Next, with regard to the argument that the Postal Department must be so commercialised as to be self-supporting and no expenditure under the Postal Department should be thrown on the general tax-payer, I will say that in this country it is very difficult to draw a line between the various items of taxation which the Government levy and the particular heads under which these items fall. There is not one man whether literate or illiterate—the illiterate man goes to the literate man for getting his letter written—there is not one who has not got to write a letter at all, and therefore it is more universal than so many other Departments the expenditure for which fall on the heads of the poor people and the poor tax-payer. For instance, Sir, suppose you post 100 constables in Delhi, Bombay or Calcutta, for road traffic and for directing the traffic this side or that side. Which special tax-payer bears it? Is it not the general tax-payer that has to bear all this expenditure though it is of absolutely no use to him? On whose head falls all the expenditure that we have incurred under the head Aviation? Is the general tax-payer benefited by it? Has not the general tax-payer been paying for all these things? If these things are legitimate, so far as the postcards are concerned, it is 100 times more legitimate that all people should share if there is to be a loss and I contend that there cannot be any loss if the Department is really commercially managed in the manner in which purely mercantile men will manage it, making the expenditure proportionate to the income and leaving also a surplus. If these are the commercial principles which ordinary commercial men follow, and if this Department also follows such highly economic principles, I contend there can never be a loss. In the past profits have been shared by all and the losses also have been shared by all. It is therefore not necessary for us, now that we have commenced to commercialise a year ago, that we should have the other tax-payers kept aloof from the person who uses the postcard and thus make a different census of those who use postcards and those who do not use postcards and apportion the expenditure of the Postal Department upon those who have at any time used the postcard. That argument does not stand, I need not again repeat and ask which tax-payer is benefited by the Ecclesiastical Department that is maintained in this country, and is not the general tax-payer paying for

the expenses of that Department? Therefore it will not be proper that this objection should be put forward.

Then it is said that if there is a reduction in the rates of postcards there will be an increase in the use of postcards which will involve more work for the Postal Department, and therefore it is not economical to reduce the rates on postcards. I cannot appreciate the force of such an argument, that because more people will go in for the use of postcards therefore you must prevent them from using them and thereby not increase the difficulties in managing the Postal Department. That should not be the criterion. On the other hand, Government must try to make it more and more popular every day and be prepared to face the situation by making the service more easy for communications. What we find is a mere chopping off of the village service here and there and nothing more is done in the direction of retrenchment. If there are village postmen, they are reduced to a small number; that is all what is done whenever retrenchment is taken up. I will give the figures. In 1920-21 the staff consisted of 102,885 and managed a service of 1,242,615,619. In 1921-22 the staff was 106,372 and the Post Office managed a service of 1,262,392,269. In 1922-23 with a staff of a 107,067 the Department managed a service of 1,086,474,486. When the traffic was larger the staff that managed the service was less in number. When the traffic has decreased and the establishment is larger, still the complaint is that if the rates for postcards are reduced the Department will have to entertain more and more establishment. That, Sir, is an argument which I cannot understand. I do not here advocate a reduction of rates under envelopes or covers or money order commission or insurance rates, but I am asking the Honourable Sir Bhupendra Nath Mitra to pay that much consideration to the necessities of the people by reducing the rates of postcards to their original condition, namely, from half an anna to a quarter of an anna.

Pandit Thakur Das Bhargava (Ambala Division: Non-Muhammadan): As you know, I am a new Member to this House and the inexperience and diffidence of a new member counselled me that discretion lay . . .

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): But you know the postcard all right.

Mr. President: Order, order. Pandit Thakur Das Bhargava.

Pandit Thakur Das Bhargava: Very doubtful. Discretion lay in the pursuit of that chimerical attribute of the prospective Indian currency, the proverbial golden silence. But the importance of the subject, however, emboldens me to break this constraint and lay my view-point before you.

There is one standpoint from which I wish the House to consider this question of the reduction of the postal rates. A very high authority whose name is a household word in educated India once remarked that the Government of India was too wooden, too mechanical and too antediluvian. Those words were spoken—and they have been proved to be too true—by a statesman whose name is dear to every Indian heart. That statesman tried to lay the foundations of good-will, truth and imagination in this selfish, sordid and matter of fact world. He did his best to modernise the administration and gave it a humanising and lively touch. How far he succeeded and how far his successors have been true to the truth he pledged on their behalf is a matter on which history will give its verdict. It is premature to predict, but it is hardly fair for contemporary opinion not

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to express itself. In all seriousness of the situation I beg to submit that the administration, too wooden as it was and as it is, became alive to its duties and responsibilities only during the course of the regime of that farseeing and just man and since then it has become all the more callous, unresponsive and even tantalising.

Sir, man, constituted as he is, is moved by desires and objects. Desire is the real emancipation from inertia. The object of a certain act is the sole determining factor of all direction, intensity and amount of energy applied in achieving that desire. If you want to find out why a person is behaving in a particular way you can understand it best if you know the object of his pursuit. Now, my humble suggestion is that if you wish to know whether postal rates in this poor and destitute country are to be reduced you have only to find out what object the Postal Department have in view in regard to the administration of this Department. Sir, the administration of the Government of India is carried on not with the set object of the benefit of the unfortunate inhabitants of this country but with some other object. Since the pronouncement of August, 1919, a ray of hope was entertained by gullible people that there will be a real change in the angle of vision, that in the administration of the country there will be some humanising touch. But, Sir, year after year the conviction is growing abroad that this is not to be. During the short space of the last two months this fact has been demonstrated beyond all doubt. We know that when the Government wanted the Post Office for its administrative needs the department never thought that it was a commercial department at all and that such undertaking could only be justified by prospective profit. The department was run at a loss. Post offices were opened, but now, Sir, I can anticipate the reply of the Honourable Sir Bhupendra Nath Mitra, that since postmen and subordinates of the postal service are to be resipited you cannot have the postal rates reduced and that this department is a commercial proposition and as such, unless it pays its way, you cannot expect a reduction. Sir, this mad pursuit after object and utility may be illustrated in more than one way. Education in this country was provided because the Government of the country could not be carried on by foreigners without the assistance of Indians. The railways were constructed as they were necessary from strategic and military viewpoints. In fact, all those things which have a beneficent appearance have grown in this country incidentally as by-products of the necessities of the hour and have only subserved the main purpose of the rulers. That in God's Providence these by-products are destined to play a different part is an aspect which either never struck those responsible for the main aim or was so unavoidably incidental that it could not be helped. If these undertakings, the railways, the post office and the telegraph and many others proved beneficial to the public at large the rulers do not grudge this. If by a subterfuge or deception the real object could be concealed for an ostensible one, so far so good. It is in this manner that utility for particular objects, whether Imperial or trade interests, has been the real moving force and not the public weal. So, the only criterion that we have got to gauge things from is utility from the Government point of view. If it is good for the stability of the Empire that rich and influential people should be supported Government have no hesitation in doing so. Let people not be deluded that any regard for them is the motive for the Government. If, Sir, in fixing 1s. 6d. the fixed wage-earner is profited temporarily this argument is

trotted out not that the Government is really solicitous for his welfare but because incidentally he can be used as an argument and then, Sir, this bargaining and huckstering spirit permeates every act of the Government to such a degree that people are certainly justified in calling it a commercial concern rather than a political government with a divine object or dispensation behind it. Sir, I appeal to Sir Bhupendra Nath Mitra that in the administration of this department this commercial spirit may be eschewed. Let us have a taste of the change of heart in this peaceful department whose sole aim should be the service of the people. Let it serve all administrative needs, political needs also, for letters can be censored and information gleaned. But let Sir Bhupendra Nath Mitra turn himself from a mechanical machine of the Government of India into a human Indian. Let him conceive all the postal reforms not in a spirit of helping those only who are vocal and influential but for the voiceless millions of his countrymen who will be directly benefited by the return to the pice postcard. Sir, this is a department of universal good. The poor people, the poorest in the land, though deprived of all good things of life, have their relations, their secrets and their communications and have thus opportunities to avail themselves of the services of the postcard. I know the postal rates obtaining in the world will be compared with Indian rates and it will be said that they are comparatively cheaper; but, Sir, will the Honourable Member quote a single country in which the labourer gets 5 annas a day? Can he quote a single country in which illiteracy is so great as in India where the postal rates are cheaper? Sir, this department is a civilising department and ought to be run on humanitarian grounds. Imagine the difference when a constable, a tahsil chaprasi and a postal peon go to a village and the reception which is given to them will mark out the difference between this department and other departments. The postal peon is received with real love as bringing news of the dear beloved ones, bringing money orders or articles required, for value of course, whereas the tahsil chaprasi comes to demand land revenue and the police constable to arrest somebody or to impose some burdens. Thus the postal peon is the messenger of peace and good-will, and let his visits be more frequent as a consequence of the reduction of postal rates. When India is bent upon having compulsory elementary education, it is high time that the postal rates should be reduced. In this connection I would like to quote a paragraph from the speech of Sir Bhupendra Nath Mitra appearing on page 2595 in the reports of last year, which runs as follows:

"Now, Sir, if you want progress, if you want education, it is important that the postal rates should be reduced before you have the means of providing education." Sir, a heavy tax upon communication is to be deprecated but in a country like India it is to be condemned in the present state of things as calculated to stifle the growth of literacy and education. The present rates, it is undoubted, have reduced letters to an appreciable extent. In 1921-22, 650 millions were sent; in 1924-25 only 510 millions, thus causing a diminution of one-fifth. In fact the postal rate is the test of the sincerity of the Government to help the poor people of this land. The pice postcard, familiarity with which had enshrined it in the affections of the people, will be a real boon to the people of India and will be appreciated more than the remission of the provincial contributions or the remission of the export duty on hides or reduction of the duty on motor cars. It will strike the imagination of the people and induce more confidence in the Government and its institutions. The reduction of postal rates will stimulate letter

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writing, produce a sense of liveliness among the people and promote a sense of respectability in themselves and confidence in the administration of the country. I therefore appeal to the Government Benches to accept the amendment and prove to the distrustful public that there is a real change of heart and economic utility is not the sole concern of the Government. I know that the reduction will cause a loss of about a crore or 80 lakhs to the Government. I wish that the Government Benches would have made it possible for Members on this side of the House to be in a position to suggest the ways and means of getting out of this difficulty.

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

But unfortunately the amenability to influence, the responsiveness is quite absent from this wooden and soulless system that it is not possible to do so. If the proposal of the Honourable Pandit Kunzru were attended to, as submitted by him yesterday, money could be easily found. Sir, I am one of those who regard this department as one which has its share in what is called nation-building and I for one would never grudge if subsidies are paid to this department from the general revenues of the country. The Telegraph Department is in unholy liaison with the Postal Department and if a judicial divorce could be obtained it ought to be sued for. In the end, Sir, with your permission I would repeat that this department needs more life, more humanity, more sympathy and more change of heart. If this department is to take its proper share in the building of the nation, in dispelling the ignorance and illiteracy of the people, in bringing real relief to the people, the postal rates should at once be reduced. With these words I support the amendment.

Mr. M. S. Aney (Berar Representative): I rise to support the motion which has been moved by my Honourable friend Mr. Duraiswamy Aiyangar. The point is this

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Will the Honourable Member kindly speak louder?

Mr. M. S. Aney: In a few minutes the Honourable Member will probably ask me to speak a little less loudly. Mr. Duraiswamy Aiyangar has already explained to this House how the enhancement of the postal rates has since 1922 gradually reduced the use of the postcard in this country. The great difficulty that has been put before us by the Government is that the revenues of the Government will be considerably reduced and that it will be impossible for the Government to run the Postal Department in the efficient manner in which they want to run it. That is the stock excuse that has been put before us for a long time, but we have to consider the history of this postal rate. We shall find that there was a time when we had our postal rate at just the point to which we want to reduce it now, and during that period the Department was being run as efficiently as it is being run to-day. It is on account of certain emergencies that this rate was enhanced and if the emergency has ceased to exist the first claim for reduction is of those items, the duties on which have been raised on account of that emergency. For some years we had deficit Budgets but immediately after the period of deficits was over, it was the duty of the Finance Member first to take into consideration those matters in which it has become

necessary for him to enhance the duties and to increase the taxation. If the taxation were increased for a specific purpose, to meet a particular contingency, the disappearance of that contingency was the proper occasion for the Government to consider the question of bringing the duty to its old level. On the other hand, what do we find? As soon as
 11 A.M. there was a surplus, we were called upon to consider schemes altogether extraneous, and those schemes had to be met. We were called upon to consider the question of giving effect to the recommendations of the Lee Commission, and the surpluses were first distributed for the sake of meeting an enhancement of 1½ crores in the salaries of the civil servants

The Honourable Sir Basil Blackett (Finance Member): What portion of that 1½ crores came out of the Central Budget?

Mr. M. S. Aney: My point is that the enhancement of salaries of the civil servants was made from the Indian revenues; and had it not been possible for the Indian revenues to show a surplus, the question of giving effect to the Lee Commission's recommendations could not have been considered at all. That is my position. The second thing is this. The Government of India were prepared to give effect to the recommendations of International Conventions and have been incurring a loss of crores and crores for the sake of giving effect to those recommendations; for example, although I think on broad moral grounds that it was a proper step, still the fact remains that this country was willing to suffer a loss of revenue in connection with the opium sale. I understand that position perfectly well, but my first contention is this, that before we take any burdens of this nature and are prepared to reduce our revenues for other purposes, the primary claim of the poor people of this country must be taken into consideration, and from that point of view I think it is necessary that these postal rates which have been raised on account of certain causes during certain difficult times should claim immediate attention and now be the first item in consideration for reduction, and the people of this country ought to get the relief. The War and its after effects are frequently referred to as being responsible for retention of enhanced taxation, but the War is over, and matters are being adjusted to the pre-war level in Europe

The Honourable Sir Basil Blackett: Have the prices come down to the pre-war level?

Mr. M. S. Aney: They may not have; I admit that they have not exactly come down to that position, but all the same, it is a matter which it is necessary for the Finance Member to consider, as to whose claims are prior. Whenever he has got a surplus to be distributed, he must see who has got a prior claim upon that surplus—whether those who are highly paid or those that are over-taxed; and from that point of view the question must be approached, and so I think in the matter of postal rates it is no use telling us that the revenue will be reduced and it will be impossible to run the Department in an efficient manner when at the same time Government is undertaking fresh burdens of extra expenditure; I think that the Government should in that case consider the question of retrenchment still more closely if it becomes necessary, but this relief *should* be given and not withheld any longer. The next point which I wish to bring to the notice of this House in this connection is that these postal rates are in existence for so long a period as five years and more; as a matter of fact,

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the present amendment only relates to postcards and no reference is made in it to reductions in rates for letters. So what would be the exact loss to the revenue? Is it not possible for the Government to put up with that loss by exercising proper economies in other directions? That is the point for the Government to consider. It is no use telling us that we cannot consider that point, that it is impossible: I say that it is the duty

The Honourable Sir Basil Blackett: I told the Honourable Member yesterday that we should take it off the provincial contributions.

Mr. M. S. Aney: That is the point which I wanted to touch also. Honourable Members in this House may be remembering that the Honourable the Finance Member was very impatient of repetition of arguments when the discussion of the Currency Bill was going on, and probably the Honourable Members might also be remembering that when the Honourable Pandit Malaviya was quoting certain extracts from his evidence before the Royal Commission, the Finance Member was irresistibly tempted to interrupt the Honourable Pandit and said that the passage in question was quoted twice, but the Honourable the President said that that passage could bear repetition. I am also to-day fired of hearing the repetition of argument by the Honourable the Finance Member; whenever there is any question of reduction of taxation or relief to be given, he says that any relief in regard to provincial contributions will not then be given and that they will have to be ignored. That argument we have been hearing in this House not to-day but for the last four years. That argument has been consistently adduced; the bogey to deny relief in regard to the provincial contributions has been continually dangled before our eyes. I want to say in the first place that the provincial contributions stand on an entirely different footing, and that their remission is not merely an obligation on the Government of India but it was a duty imposed under the Meston Award upon the Government of India, and it should have been given effect to long before. . . .

The Honourable Sir Basil Blackett: But they are not now being remitted.

Mr. M. S. Aney: But there are so many other things. My point is this, that the provincial contributions have been partially remitted, and the Government of India ought not to rely upon charity or resources of the Provincial Governments for the sake of expenditure which they want to go on incurring. They ought to manage their affairs in such a way as not to depend upon the revenues of the Provincial Governments in order to maintain all this costly paraphernalia. (*The Honourable Sir Basil Blackett:* "Hear, hear.") The problem which the Government of India had to solve, if they wanted to give a fair chance to the reforms, was to make use of these contributions only for some limited period but within that period to have so arranged their whole expenditure as to bring it within their means and be entirely self-reliant and self-supporting irrespective of any charity and assistance from the Provincial Government. (*The Honourable Sir Basil Blackett:* "Hear, hear.") For seven years they did not do it, and it is just for the sake of making out a case before the Statutory Commission that the Government of India have been "giving every possible assistance to the people to make the reforms a success": they are doing it now or

The Honourable Sir Basil Blckett: Will the Honourable Member kindly consider the fact when he makes a charge of that sort, that the Government of India have made it their policy ever since the Reforms to reduce the provincial contributions; they have stated it year after year, and they have been working on that policy, and that charge is one which ought not to be made.

Mr. M. S. Aney: I believe there is nothing in this charge which I should retract. I say it is the first year now when the provincial contributions have been temporarily remitted, (*The Honourable Sir Basil Blckett:* "They have not"), and then

The Honourable Sir Basil Blckett: They have not been temporarily remitted, thanks to the Honourable Member's vote yesterday.

Mr. M. S. Aney: My point is this. In 1929 the Statutory Commission is to come, and if the provincial contributions are remitted at least temporarily, it is in the seventh year of the reforms; that is a fact which I want this House to bear in mind, and that it is for the sake of making out a case that the Government of India have been "giving every facility to work the reforms" that this position is

The Honourable Sir Basil Blckett: I desire to say that that charge is entirely untrue and ought not to be made.

Mr. M. S. Aney: I only want to show what the Government of India have done. (*One or two Honourable Members:* "Withdraw, withdraw.") In view of the fact that before the Muddiman Committee the responsible Ministers and other Members had been making a charge against Provincial Governments that sufficient co-operation had not been received by them, and particularly that they were handicapped in the matter of revenue,—in view of that charge it is necessary for the Government of India also to show that there has always been a desire on their part to co-operate in these matters, and I believe it is from that point of view that Honourable Members ought not to be carried away by the consideration that in case we carry this amendment the remission of provincial contributions is likely to be lost. It is their moral duty to remit the provincial contributions, and that the Government of India must depend upon the revenue available for the sake of managing the Central Government.

The Honourable Sir Basil Blckett: Will the Honourable Member provide us the revenue?

Mr. M. S. Aney: I believe so many taxes we have been paying; and they are at the disposal of the Government of India—that is my contention. Now, Sir, what I wanted to bring to the notice of Honourable Members on this side of the House is the veiled threat that is given by the Honourable the Finance Member in regard to this matter (*The Honourable Sir Basil Blckett:* "Not veiled") that we are likely to lose a remission of the provincial contributions. But I maintain that is a matter which ought not to dissuade us in the serious consideration of the amendment before the House. On the other hand, there is another obligation of which I wish to remind the Honourable the Finance Member in this connection. During the time of the debate on the Currency Bill we have been repeatedly told "If you go back to 1s. 4d. provincial contributions will remain." I say, Sir, whatever we may do with the Finance Bill, 1s. 6d. is now passed and if we remember aright the position that has been explained to us was that relief relating to provincial contributions could be given if 1s. 6d. was

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passed. The ratio of 1s. 6d. having been already sanctioned by this House, the Honourable the Finance Member stands committed to that position and he will have to adjust himself in a different way. (Laughter.) On that point he cannot go back. That position becomes perfectly clear. What I mean to say is this, that so far as postal rates are concerned, probably that loss of revenue will not be so serious as we imagine it to be, because we do not touch the letters. There is also the possibility that the sale of postcards will materially increase if the rates are reduced. Taking all these things into consideration the public loss will be of such a nature that it will be possible for the Government of India to somehow or other manage the whole affair. It is not possible for me to suggest how it should be managed. It is for the Member in charge of the Department to see to it. I am sure once he agrees to this, it will not be beyond the range of his ability and capacity to do so. For these reasons, Sir, I heartily support the amendment moved by my Honourable friend Mr. Duraiswamy Aiyangar.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I have spoken so very often and at such great length on this particular question during the last six years that I do not propose to take up much time of the House. My only justification for intervening in the debate at this stage is that none of the previous speakers seems to have attempted to go to the basis of the Government case in this matter. The Government case has been that the Postal Department is to be treated as a commercial department, and therefore if any proposal for the reduction of rates results in a serious loss to that Department, the general exchequer cannot be expected to subsidise the Postal Department. That is the rock on which the Government case is founded.

Mr. C. Duraiswamy Aiyangar: It has to be wrecked.

Mr. K. O. Neogy: And it is no use for Members year after year to bring up proposals for reduction of rates without first of all meeting that point. I have spoken so often on this question that the Honourable Member in charge, I think, knows perfectly well my views. Briefly speaking, I do not consider that this is the right attitude that the Government of India should take up now. When the Postal Department was begun to be worked in the public interests about 60 years back, a declaration of policy was made by the Government of those days. That policy was laid down to be that the Postal Department was never to be looked upon as a fiscal department, that the Postal Department was to be considered to be a public utility department, to be worked in the interests of the people, and in considering the rates to be fixed for postage, the only consideration that the Government should bear in mind is whether the particular rates would have any prejudicial effect on the volume of postal traffic. It was clearly laid down by a previous Finance Member that in determining the postal rates, Government must see whether the volume of correspondence was affected in any way, and that was to be the sole criterion. My Honourable friend Mr. Duraiswamy Aiyangar has already pointed out that the volume of correspondence, so far as postcards are concerned, has suffered a very great shrinking, and here I maintain that Government are guilty of having made a departure from the policy which was declared as long as half a century back. My next point is that the system of commercialised accounts which has been introduced since 1921-22 gives undue credit to the Telegraph Department, and the Postal Department is saddled with certain amounts of

expenditure which cannot properly be charged to that side of this combined department. I repeated this charge on more than one occasion in the past; and last year when considering the Finance Bill my Honourable friend Sir Bhupendra Nath Mitra made a suggestion that this question might very well be gone into and examined carefully by a Sub-Committee of the Public Accounts Committee. I should like to know from my Honourable friend whether steps have been taken for the purpose of having a Sub-Committee constituted of the Public Accounts Committee for that purpose.

The Honourable Sir Bhupendra Nath Mitra: Please read the last report of the Public Accounts Committee.

Mr. K. C. Neogy: But, Sir, I maintain that if my Honourable friend had made proper use of the Standing Committee attached to his Department, and if this matter had been referred to that Committee, certainly he would have been in a better position in this House to-day if he could point to the support of that Committee for the Government case.

Mr. B. Das (Orissa Division: Non-Muhammadan): Standing Committees never meet.

Mr. K. C. Neogy: Our grievance is that these Standing Committees are not given the work that was contemplated to be done by them and my Honourable friend knows very well that he has made very little use of his Standing Committee.

The Honourable Sir Bhupendra Nath Mitra: No. But the question of accounts is one which more appropriately falls within the sphere of the Public Accounts Committee.

Mr. K. C. Neogy: I know that certain labour questions are occasionally referred to that Committee. When we have been discussing this question in this House so often and when there is a great divergence of views between non-officials and the Government on the question of postal rates, I should have expected my Honourable friend to refer this very important question to that Committee for opinion. Sir, I should like to point out that there is nothing inherently wrong in our demand that the Postal Department should, if necessary, be subsidised by the general exchequer. Last year I pointed out that in the United States of America they have adopted a deliberate policy to that effect and for very many years the Postal Department in the United States has been subsidised by the general exchequer.

The Honourable Sir Bhupendra Nath Mitra: Does the Honourable Member know the reason why that is done?

Mr. K. C. Neogy: We are concerned with the fact.

The Honourable Sir Bhupendra Nath Mitra: Very well.

Mr. K. C. Neogy: Sir, I am concerned only with the fact that the Government of the United States of America does not treat the Postal Department as a commercial department, and I have already stated that in the past the policy of the Government of India was also not to treat this Department as a commercial department. I may here mention that there are certain items of expenditure which have been for the first time charged to this Department which never found a place in the past accounts. I refer to one of these items, namely, the interest charged on the capital account amounting to over 50 lakhs. If my Honourable friend

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the Finance Member is a little less particular about the academic correctness of his system of commercialised accounts, these 50 lakhs will be available to us for effecting this reduction in the postcard rates.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, I have tabled another amendment and I would like to say a few words. A tax when once levied will not be so easily abandoned by any Government. We cannot expect the Government of India to take up any reasonable attitude in the matter without pressure being put upon them. The justification for any tax lies in the capacity of the people to pay. With regard to this postal rate, whatever justification there may have been when it was increased from a quarter anna to half anna, there is no reason why Government should have been resisting for such a long time to take it back to the original rate of 3 pies. Who are the people that are largely affected by this? I can say, Sir, with some practical knowledge, having visited thousands of villages in my province, if not in every other province, how the poor people have been feeling the burden of this rate.

[At this stage Mr. Deputy President vacated the Chair, which was resumed by Mr. President.]

No doubt the upper classes would not feel it; but it is a tax that has been really oppressive on poor people, and that is proved by the figures which the Government have got in their records.

The Honourable Sir Basil Blackett: What does the Honourable Member mean by a 'tax'?

Mr. T. Prakasam: I do not think the Honourable the Finance Member could find so much trouble to understand the meaning of the word 'tax' when I have been talking on postal rates.

The Honourable Sir Basil Blackett: I understand postal rates, but I do not understand the word 'tax' in this connection.

Mr. T. Prakasam: To me, Sir, it is a tax; to very poor people who are paying this burden it is a tax. It is an English word which is in the dictionary of the Honourable the Finance Member.

Sir Purshotamdas Thakurdas (Indian Merchants Chamber: Indian Commerce): A charge for public service is a tax.

Mr. T. Prakasam: Anything that is levied in a direct form or indirect form and that becomes oppressive is a tax.

The Honourable Sir Basil Blackett: May I get this clear? A charge for service is a tax?

Mr. President: Order, order.

Mr. T. Prakasam: I am not giving way, Sir, because I do not like these interruptions.

Sir Purshotamdas Thakurdas: A charge for public service which is the monopoly of Government.

Mr. T. Prakasam: This is what is stated by the Honourable the Finance Member in his budget speech with regard to rates:

"The Indian Postal and Telegraph Department is treated not as profit-earning institution, but as an organisation whose energies are directed to supplying postal and telegraph facilities to the general public in as full a measure as is compatible with the fundamental principle that the department should not be a burden on the general tax-payer."

I submit that there has not been much improvement in the postal service in the villages in the country. They have not been given facilities to get their letters at least twice a week. I have known villages in which a letter would not reach even after 5 or 6 or 7 days. If only those who are in charge of the administration of this country would take some trouble and go and live in a village and see how these things are going on, they would understand. The greatest misfortune is that they have not been in touch with the people. The machinery has been worked from here; it works from the bottom to the top and the top are absolutely ignorant. So there is absolutely no justification for having, this, increased rate, in view of the fact that the Postal Department has been making a profit. When it makes a profit what is it that is done? The profit is used to meet the losses incurred in the Telegraph and other Departments. They are not really used for increasing the facilities by the establishment of post offices in villages where they have not got them. So, I submit, this is a rate which should not be allowed to be on the Statute any longer. The Honourable the Finance Member was telling us about the increase in prices. Have they gone down? Well, I do not know whether they would go down hereafter with this 1s. 6d. ratio; and what is the proportion of the increase in prices to the increase in this postal rate? The increase in prices was about 50 per cent. whereas the increase in the rate on post cards by making it half an anna when it was 3 pāies was more than 100 per cent. And this is not the way in which the Government should be always looking at things. If it were their own Government in their own country, the Government would not be incurring the expenditure at the top which they are incurring here. Is there any country in the world where the rulers have been incurring so much expenditure with regard to all the people who have been employed at the top, with such oppressive taxes on the poorest people who are not able to bear them? I do not see any justification at all for continuing this. As regards the ways and means, we are all as much aware as anyone else that Government should have money to carry on the administration. But the administration must be reasonably conducted and the expenditure must be reasonable. So long as the expenditure is increased from year to year by crores and crores of rupees on the recommendation of every committee that is brought into existence, and the recommendation of every committee that has been put into action, there is no way for this country. And I will say, Sir, that a threat is offered every time by the Finance Member. What about the provincial contributions? "If you speak one word about this, well, your provincial contributions will not be remitted. So you have to bow to this." That is what he says. Provincial contributions will have to be looked to independently. These things have nothing to do with the provincial contributions. Provincial contributions can be easily remitted by resorting to some other course and by reducing the expenditure under some other heads. I therefore submit that this reduction must be made by the House.

Mr. N. M. Joshi: Sir, although it is quite natural that we should all sympathize with the amendment moved by my friend Mr. Duraiswamy Aiyangar, practical considerations of great importance make it difficult for me to support this motion. Sir, I have no quarrel with the principles of taxation enunciated by Mr. Duraiswamy and my Honourable friend Mr. Neogy. I consider that the Postal Department is a public utility department, and if it is a public utility department, I would like this service to be rendered to the public at the cheapest rate. Not only that, if I was sure that the facilities of this department would be made available to an equal degree to all the people in the country I would go so far as to say that the services of the Postal Department should be placed at the disposal of the public free, as free as we agree to give education, at least primary education. Sir, therefore, from the point of view of mere principle, I am quite in favour of giving postal services to the public, not only at the cheapest rate but even free. But, Sir, when we propose to give postal services at the cheapest rate, and if we agree, free, we must see whether all the people in the country, whether the poorest class of people in the country, in whose name we speak, get the benefit of that service. It is quite possible for some Honourable Members to say that no man in the country is prevented from making use of the Post Office. It is true that nobody is sent to jail if he does not make use of the Post Office, but is it possible, under present circumstances, that all the people in the country should take advantage of the postal facilities? In the first place there are many places in our country, and their number is really the largest, which do not enjoy postal facilities even one-tenth of what we enjoy in towns and cities in India. Sir, in a town like Bombay we get our letters 8 times a day, but if you go to a village the person in the village gets his letter once a week.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Do you mean to say he should not even get that?

Mr. N. M. Joshi: I mean to say he should get his letters 8 times a day as we get our letters 8 times a day, and as long as we cannot do that and we are not doing it, it is useless to say that we are pleading the cause of the poorest people in the country.

Lala Lajpat Rai: Is it?

Mr. N. M. Joshi: It is first necessary that all postal facilities should be given equally to all people, and then certainly make them cheap and make them even free. But if we do not do it, what is the result? The result is that we are prepared to tax a certain class of people for the benefit of a certain other class of people. Sir, I quite agree that the Postal Department being a public department should be run by Government and Government should give the benefits of that Department cheap and even free. But, is the letter the only public utility? There are several other public utilities which Government could and should undertake. The first and the greatest public utility which the Government should undertake is the production of food which people require more than a postcard. Let Government undertake the production of food and distribute that food cheap.

Mr. President: How is that relevant to the subject before the House?

Mr. N. M. Joshi: Sir, I am trying to explain the principle which has been enunciated by many Members here. There are persons who have enunciated the principle that the Postal Department should be run at a loss. I am not against that principle at all, but if that principle is to be applied, then certainly I should apply that principle first to the production of food. Let Government undertake the production of food and distribute that public utility which is of greater importance than even a post-card. Not only that. Why should not Government produce cloth and distribute it to the people which is also of greater importance than post-cards? Sir, it is merely from the point of view of principle that I am not against it.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): He wants the abolition of the Post Office. On that basis the Post Office has to be abolished.

Mr. N. M. Joshi: I do not want that, but I want the Government not only to conduct the Post Office but several other departments as well. I therefore think purely from the point of view of principle, I am not against Government making a sacrifice, if the burden of that sacrifice is to fall upon a class of people who can bear it. Sir, my Honourable friend Mr. Prakasam has very clearly and very rightly enunciated the principle of taxation. If the Post Office makes a loss say, of 50 lakhs, how is that loss to be met? It should be met by taxation and he enunciated the right principle, namely, that those people should be taxed who are able to bear the burden of that taxation. I shall be quite ready to make the Post Office free if the burden of making the Post Office free is going to fall upon the class of people which is able to bear that burden; but are we quite sure of that? We are not quite sure. If we examine our system of taxation we shall find, and the Taxation Enquiry Committee has come to the conclusion, that the burden on the poorest class of people is greater and that burden is thrown by several taxes—the salt tax, which fortunately yesterday we succeeded in reducing though we have not as yet succeeded in abolishing it, the tax on kerosene, the tax on sugar, the tax on matches and several other articles. As long as the tax on those articles of great use to the public is there, and as long as we know that that burden is greater than it ought to be and is greater in this country than in any other country according to the view of the Taxation Enquiry Committee it is not right that we should throw the burden of giving cheaper postal rates to us at the cost of the poorest people in the country. Sir, that is my main argument. If the Postal Department makes a loss, the burden of that loss will not fall upon the class of people which is able to bear that burden, but it falls upon the class of people which is not able to bear that burden. Now, Sir, it has been said, and said by most people, that the higher postal rates fall upon the poorest classes. I know there are poor people who use the Post Office although but rarely. That question is open to enquiry. My own impression is that most of the income which the Postal Department makes is made in large cities like Bombay, Calcutta and other big cities and in the towns and that it is not made in the villages. I am quite willing to have that matter enquired into. I would therefore suggest to the Honourable Member in charge of this Department that this important question of the reduction of postal rates should be examined by a committee. Let that committee find out who really pays the postal revenue, and if it is found out that that postal revenue is paid by the poorest class of people I

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shall not only vote for the reduction of the postal rates but I shall vote for making the postal service free. But we must first make an enquiry into that question and find out the facts; and if the facts go to show that reduction of rates is necessary, let that be done. I was therefore very glad when my Honourable friend Mr. Neogy suggested that this question should be considered by the Standing Committee of the Department.

The Honourable Sir Bhupendra Nath Mitra: It was to decide the question of accounts, not this question.

Mr. N. M. Joshi: Well, Sir, the question of accounts is important no doubt but the reduction of rates is of greater importance. I would therefore suggest that the Honourable Member in charge of this Department should place this question before the Standing Committee of his Department, or, if the Assembly does not appoint a Standing Committee for the Department, I suggest that he should place this question before the Standing Finance Committee and let the Standing Finance Committee go into the *pros* and *cons* of the question and make a report to this House. I would like to make one more suggestion and it is this. If the Postal Department is not to be run at a loss it is quite possible for us to be able to take some risk as regards loss, if we build up a reserve fund. In our Railway Administration we have now established a reserve fund in order that we should be able to take the risk of reducing our railway fares, and I think it is a very useful practice. The Postal Department has been making profits for several years. Unfortunately those profits have been consumed by the Telegraph Department and the Telephone Department which ought not to have been subsidised by the Postal Department. If those reserves had been maintained I am quite sure we would have been in a position to take the risk of reducing the rates even to-day. But, Sir, I do not wish to quarrel with the past. I suggest to the Government of India that hereafter whatever profits they make out of the Postal Department should be kept in a reserve so that, if not to-day, in two or three or four years' time, we may be able to take the risk of reducing the rates for postage. I hope, Sir, that the Honourable Member in charge of the Department will accept my suggestions.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I rise to support the amendment that has been moved by my friend Mr. Duraiswamy Aiyangar. A similar amendment also stands in my name. Sir, I will not tire the patience of this House by reiterating all those arguments which have been used on the floor of this House ever since the postal rates were enhanced and we have been asking for a diminution of those rates. But, Sir, I must reply to one or two suggestions which were made by my friend, the Labour Member, as we call him, Mr. Joshi. He said that he was opposing this amendment from practical considerations, though towards the end he ended by supporting the proposition that there should be free postage throughout the country. We do not go so far as that: we do not ask Government to go so far as that at the cost of the general tax-payer. He was arguing in a vicious circle when he said that this will not benefit the poorer people but will benefit only the well-off and other people. At the same time he was saying that postal facilities are not given to the people who live in villages, while more facilities were given to those who live in towns like Bombay. Coming as I do, Sir, from a Bengal village, which is not only my home but where I actually reside, I can claim

to have more experience of village life, and I think I should be failing in my duty if I did not say that more than any other department, the Postal Department is of service to the masses living in the villages equally if not to a greater extent, as it is to the masses who live in the towns. My friend, Mr. Joshi, says that there ought to be free distribution of cloths and food before we can have free distribution of postal stamps. I beg to remind him that his constituency, as I should say—if there is any constituency for him—that is, the labour people, are generally drained from the villages to the towns. An Honourable friend tells me that his constituency is the Government of India. If that be so I have no quarrel with him; but I believe that he was at least trying to champion the cause of labour; and if that be so, I may remind him again that this labour is drawn from the remotest villages of every part of India; and when the adult male labourer goes out from his own village to a distant place, like the Assam tea gardens, for whose coolies Mr. Joshi ought to be the champion—I do not know whether he is their champion or not—he must write at least one letter a week to his family in the village. So, Sir, Mr. Joshi was certainly not championing the cause of the masses, as he wanted to impress this House by arguments that he was, when he was opposing this amendment. I can of course see the reasons why he was opposing the reduction of postal rates unless his demands are conceded probably. I will not go so far as to say that there are other considerations behind it; but whatever it may be, Sir, I beg to say that this reduction at least of the rates of postcards is necessary for the benefit of the masses and no one can ignore that fact.

One other consideration. I beg to submit before this House, about the amalgamation of the various other departments, namely, the Telegraph, Telephones and Radio with the Postal Department. I would have been very glad if my friend, Mr. Joshi, had spoken on this because these Telegraph, Telephone and Radio Departments are not used by the masses but by the better classes. He had not a word to say against the amalgamation of the Departments

Mr. N. M. Joshi: May I say that I had already protested against losses in the Telegraph and Telephone Departments being met by the Postal Department?

Mr. Amar Nath Dutt: Now, Sir, we know it for certain that whatever surpluses we have from these postal rates, they are all swallowed up by the deficiencies in the Telephone and Telegraph departments . . .

Mr. N. M. Joshi: I had protested against it.

Mr. Amar Nath Dutt: Thank you. I am glad you protested. The Honourable Sir Bhupendra Nath Mitra in the year 1925 said that it is true that according to the estimates produced for the year 1925-26 the postal branch of the Department shows a small surplus—I do not know whether it is a small or a large surplus—and the Telegraph Department shows a small deficit. He also entertained a hope that it will be more on the postal side in years to come, and I hope it is at least more now, which entitles us to ask for a reduction.

Then the other argument which is adduced and which has always been advanced by the Government about the combination of the various departments was that oft-repeated arguments that the various services rendered

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by the Department are intimately connected with each other. Now, Sir, I may submit that it is a mere *ipsi dixit* of the Honourable Member in charge of the Department, and when he brings in the analogy of the United Kingdom on this point, I beg to submit that whenever it suits the Government Benches to bring in any parallel about the procedure in the United Kingdom, they bring it forward without any hesitation, but they forget that we do not here enjoy the same powers as the Members of the House of Commons do, and that we have no control over the purse which is enjoyed freely according to their sweet will by the Members of the Government Benches and distributed by them as they like. (*An Honourable Member*: "You mean the Treasury Benches".) With these few words. I beg to support the amendment about the reduction at least of the price of postcards and reply postcards.

Mr. H. G. Cocks (Bombay: European): Sir, I do not want to take up many minutes of this House on this hardy annual, but I should like to appeal to the House not to be carried too far away by sentiment. We had a lot of sentiment last week in favour of that so-called "natural" ratio of 1s. 4d. and we had a good deal of sentiment yesterday, rather than sound argument, for the reduction of the salt tax, and if this goes on, Sir, we shall cease to be a business Assembly. We have got a national expenditure and we have therefore got to have a national income, and in considering these matters, whether it is a question of postal rates or income-tax or salt tax, it is essential that we should consider the expenditure of the country before cutting down income in any way which may appeal to the House at a particular moment. I should like to congratulate my friend Mr. Joshi on his 8 deliveries in Bombay. He is very fortunate, and he must be living next door to the General Post Office, because I generally get my letters only two or three times a day. Mr. Joshi referred to the rural post offices not being a paying matter as compared with those in the towns, and those remarks were applauded by the Honourable Member in charge. I do not know whether Mr. Joshi argued from that that the rates for postcards in towns should be reduced and not in the rural areas, but that seemed to be the logical conclusion of his remarks. Sir, the last Assembly was inclined to accept the principle that the Post Office was a commercial department, and that its revenue ought to balance its expenditure, and I hope that principle will also be accepted by this Assembly, because if we are going to reduce the postal rates to such an extent as to show a heavy deficit in this Department, a deficit which has to be made up in some other way. I think we should be going back and not forward. The Postal Department is recognised in most countries of the world as a business department, and I think the Incheape Committee said that the Postal Department was a department which ought to pay its own way, and it will not pay its own way if we reduce the rates in the manner suggested by many Honourable Members in the numerous motions which they have put down.

Mr. Neogy referred to the fact that, before arriving at the loss on the Postal Department, the interest on capital outlay, which amounted to over 50 lakhs, was put in as a charge. I do not know whether figures have ever been given as to how exactly that interest is arrived at, or rather I should say as to how the block amount is arrived at on which that interest is calculated, but if these figures are available, I think the House would be interested to know them. I know a point was discussed in this House

a year or two ago as to whether it is right, in arriving at the block amount, to take the present value of the postal buildings, etc., or their original cost, or whether neither should be taken, having regard to the fact that these buildings were paid for year by year out of past revenues, and I think it was accepted then that you had to consider this Department as a business department which the Government was taking over and you had to consider the total block account, having regard to what the buildings, etc., had cost and what their real value was at the present time, in arriving at the correct charge of interest to debit to the Department.

Finally, Sir, I should like to refer, in connection with this attempt to cut down postal rates, to the number of new post offices which are to be opened. That is a very material factor in assisting the people of the country, particularly in rural areas, and I think it would be a great mistake at this time, before one has provided for the great expense in developing new rural post offices, it would be a great mistake, I say, to tamper in any way with the postal rates at the present time.

Rai Bahadur Tarit Bhusan Roy: (Bengal Mahajan Sabha: Indian Commerce): Sir, I believe I shall be failing in my duty if I did not associate myself whole-heartedly with my Honourable friend, Mr. Duraiswamy Aiyangar, in the amendment which he has moved. I had also given notice of a similar amendment. Sir, as a matter of fact, it is well known to us under what circumstances the postal rates came to be enhanced. My Honourable friend, Mr. Aney, has pointed out that postal rates were enhanced to meet the exigencies of the situation when the Honourable the Finance Member was confronted with a deficit Budget. I congratulate the Honourable the Finance Member on the prosperity Budget which he has been pleased to place once more before the House. An opportunity has now been given to him to show some favour to the poor who, I feel, ought to be relieved from the burdens which have been imposed upon them.

The Honourable Sir Bhupendra Nath Mitra: There is no surplus money.

Rai Bahadur Tarit Bhusan Roy: I am coming to that. I shall point out, as has been shown by Mr. Neogy, that the Postal Department is not running at a loss. I do not agree in the view that the Postal Department should be run on commercial lines. On page 298 of the Finance and Revenue Accounts, I find that the revenue from postage and message revenue accounts has been shewn as Rs. 5,79,23,844, and miscellaneous revenue amounts to one crore, 19 lakhs odd. The total revenue comes to Rs. 6,98,44,810, which shows that there is a profit of Rs. 48,88,401. It is the Telegraph and Telephone Department, as was pointed out by my friend Mr. Amar Nath Dutt, which is running at a loss. The net loss is due to the fact that these three departments have been amalgamated. Sir, I appeal to the Honourable the Finance Member and the Honourable Sir Bhupendra Nath Mitra that, taking advantage of the fact that they have a surplus Budget to present to the House so far as the Postal Department is concerned, they ought to relieve the poor by reducing the postal rates at any rate. I think the Government will not have much to lose if they reduce the rates to a quarter of an anna because the sale of cheap postcards will be considerably stimulated and increased by this fact.

Sir, I do not think I should be justified in taking up much of your time but I should, before I conclude, refer to the observation which has been

[Tarit Bhusan Roy.]

made by the Honourable the Finance Member in the course of the debate on this question. He has said, "How is the deficit, how is the loss of revenue to be met?" My answer is this that the Government will not lose at all if the postal rates are reduced to a quarter of an anna because by reason of such reduction the sale of the postcards will considerably increase. If as a matter of fact the Honourable the Finance Member is faced with a loss of revenue, by all means do not abolish the export duty on tea and hides, do not reduce the import duty on motor cars and the duty on tyres and tubes which are meant for the rich. With these words, Sir, I wholeheartedly support the amendment of my friend.

Mr. Mukhtar Singh (Meerut Division: Non-Muhammadan Rural): Sir, I had no mind to speak on this amendment though I sent an amendment in my name for the reduction of the rate of postcards, but, as the Honourable Mr. Joshi has pointed out that the postcards are not generally used by the poor people, I consider it my duty, Sir, to point out that his idea is wrong. I refer, Sir, to the annual report of the Postal and Telegraph Department. From that we find that in the year 1922, when the rate on postcards was put up, the number of postcards used was 650 millions. In the next year, 1923, there was a reduction in the number of postcards used to 525 millions. In the case of letters, we find, Sir, that the number used in that year was 610 millions and it was reduced to 510 millions in 1923. I have worked out the ratios and I find, Sir, that in the case of postcards there was a clear reduction of 80 per cent., while in the case of letters the reduction was 83 per cent. Then again, Sir, we find that the number of postcards used in 1925 increased to 540 millions while the number of letters used increased to 580 millions, which means, Sir, that in the case of letters the percentage has gone down by 87 per cent. while in the case of postcards it has gone up only by 88 per cent. This clearly shows that those persons who were using postcards are not using postcards to the same extent as they would have used them if the rates had not been increased. This clearly also shows, Sir, that postcards are generally used by poor people and letters are used by richer people. If we take the number of those people, Sir, who when the rates were raised were using letters and began to use postcards as they naturally would do, then the percentage will be further reduced from 80 per cent. to something like 75 per cent. This shows clearly that the postcards are generally used by the poor people. Unfortunately we are living in a country in which the number of poor people is much more than those of the middle class or the rich people, and when any relief is sought to be given to the poor the main argument is that a large amount of money will be needed to give that relief. But in case the relief has to be given to the middle class people or the rich people, then naturally the amount required comes to a lower figure and the Government takes it up. What do we find? The whole of the Finance Bill is a clear indication that Government wants to give relief to the rich people rather than to the poor. This is why we find that there are proposals to reduce the duty on motor cars and to abolish the duty on tea. If there is no money to be found, the Government can find money by retaining the present duties on the above articles. So there is enough money. The other point that I want to make is that if the Postal and Telegraph Department is to be a business department, why should not the Indo-European Department be conducted on business principles? If that Department is not making a profit, then why not raise the rates till the time it becomes

a paying department? I do not know what is the difference between the Postal Department and the Indo-European Department. There is one more point which I want to make. From the speech made last year by the Honourable Member in charge of the Postal Department, we were given to understand that if the literacy improves then he will consider the point of lessening the rates in the Postal Department. He said:

"If you want progress, if you want education, is it important that the postal rates should be reduced before you have the means of providing education?"

May I remind him that in these six years the literacy of the country has increased by something like 15 per cent., and in that case this is just the time when we should demand that the postal rates should be reduced. With these remarks I support the amendment.

Sir Purshotamdas Thakurdas: It is the fashion for some Members in this House to run down anything that may come from this part of the House when they do not agree with it, by calling it either political or sentimental. My Honourable friend, Mr. Cocks, began by criticising the work in this House during the last few days as being based on sentiment. Whatever is not appreciated by my Honourable friend Mr. Cocks as being in his direct interest or as being in the interests of those whom he represents here, he perhaps looks upon as sentimental. I am afraid that he will find in this House such hardy annuals as the quarter anna postcard for ever until we secure a quarter anna postcard for the masses of India. I therefore do not sympathise with his surprise that this subject should come up from year to year.

Mr. H. G. Cocks: I did not express any surprise on that subject.

Sir Purshotamdas Thakurdas: I feel that the quarter anna postcard is the first thing which is justified, if by nothing else, by the results of the half anna postcard since it was introduced. On mere business principles and based on cold calculations alone one may feel a little surprised that the Honourable Member in charge himself did not think it fit to press for this before now. The report of the Postal and Telegraph Department for the year 1924-25 contains a chart and you find that since 1921-22, when I believe the postcard was doubled to half an anna there has been a steady fall in 1922-23, 1923-24 and 1924-25. In fact the annual increase during these years has been at a much lower pace than in the previous five years that are given in this chart. This by itself shows that in raising the charge for the postcard Government actually stifled the healthy increase in the use of postcards, to say nothing of the value of the postcard as a means of education generally throughout the country. From the mere fact that that is the one item which allows the poorest to get into communication with each other I should have thought that that would have been the first item to come in for favourable consideration by Government as soon as finances permitted. My views are known to the House as far as the prosperity nature of the Budget for next year is concerned. I however wish to take the Finance Member and those who congratulated him on the presentation of this prosperity Budget at their words. If they have a prosperity Budget I suggest that reduction in the charge on the postcard is the first duty that should devolve on the Government of India as far as the masses of India are concerned. The question may be asked where is the revenue to come

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from? Well, it has been indicated that the amalgamation of the Postal Department, as far as accounts are concerned, with the Telegraph and Telephone Department is unfair to the user of the Post Office. I do not know whether the Honourable Member when he gets up to reply will give us figures of these, but I am sure that even a little increase in telegraph and telephone charges would not be minded by this section of the House if the masses of India could be secured their quarter anna postcard.

The Honourable Sir Basil Blckett: Will it bring in more revenue?

Sir Purshotamdas Thakurdas: Has the half an anna postcard brought in proportionately more revenue? It would not matter even if the return were a little smaller under Telegraphs for some time. Who uses the postcard and who uses the telegraph service is the question? Is it that the section which uses the telegram is more vocal and perhaps more influential that you dare not touch them? After all it is the duty of this section of the House always to stand up and plead for those whose means prevent them from using anything dearer than the quarter anna postcard. So far as the question of finding revenue for the quarter anna postcard is concerned the figure that would be involved by way of smaller revenue is put at rupees 70 to 80 lakhs. As against that you see from this chart that you can safely count upon a substantial increase in the use of postcards at a quarter of an anna. My Honourable friend Mr. Duraiswamy Aiyangar has given very elaborate figures and I do not want to repeat them. I have made a very rough calculation before I rose to speak. I think you can put the loss of revenue by reduction of the volume of sale of postcards at about 60 lakhs of rupees. To secure this there are two options. Either increase your charges on telegrams and telephones if need be and get a part from that or—and this I think is one which this side of the House should press for—that the interest charge debited to this Department is one which should not be allowed to continue any further. I am a bit surprised, Sir, as to why the Honourable Member in charge did not protest against this debit and did not bring this question to this House before he quietly gave in to the Finance Member; the capital expenditure in the past or most of it was incurred out of revenue: if the taxpayer's money has been used and does not carry interest, I really fail to see how the Finance Department is entitled to charge any interest on it. Only such amount as is raised by a loan, if figures about it are known, should I think be allowed, but what has been used in the past out of revenue should never be tolerated to carry interest in debit to this Department. I therefore feel that a substantial part of the 50 lakhs which is debited to the revenue of this Department for interest should be taken off and should be given credit for against this quarter anna postcard . . .

The Honourable Sir Bhupendra Nath Mitra: May I inform the Honourable Member that the debit for interest charge is mostly to the Telegraph Branch of the Department and not to the Postal Branch. We are trying to separate the accounts of the various Branches.

Sir Purshotamdas Thakurdas: Do I understand from the Honourable Member that there is no debit to the Postal Branch at all for interest?

The Honourable Sir Bhupendra Nath Mitra: I should say very little.

Sir Purshotamdas Thakurdas: What is it—may I know? I therefore submit, Sir

The Honourable Sir Bhupendra Nath Mitra: The interest charge is Rs. 8,58,000.

(Laughter from the Official Benches.)

Sir Purshotamdas Thakurdas: I do not claim to have studied the point as much as the Finance Department; the Finance Member need not clap, we are all gathering information here, Sir.

The Honourable Sir Basil Blackett: I was congratulating my colleague.

Sir Purshotamdas Thakurdas: Oh, I see, on the fact that he knows some figures (Laughter). But the point is, has postal revenue money in the past not been used to finance and build up even the Telegraph Department? I would like an examination of the figures from this point of view. I suggest, Sir, that if this is not sufficient we may turn to the Telegraph Department and ask those who send telegrams and who must use them to pay a little more in order that the masses may get the quarter-anna postcard. I further feel, Sir, that those who claim that this is a prosperity Budget ought to recognize that the first claim on a prosperity Budget and on a surplus is of the masses who will be most directly benefited by the quarter anna postcard. I think it was my friend from Bombay who said that the Inchcape Committee recommended that the Postal Department accounts should be kept on a commercial basis. I think the accounts of every Department of the Government, which is run for the sake of a public service, should be kept on a commercial basis. But the whole question is, are you going to benefit those who want more up-to-date services, those who want a little more luxurious services—you may, for instance, call the telephone service such—are you going to benefit them at the expense of those whose paying capacity is the smallest in the whole land? And the first claim for consideration is of the user of the postcard. For these reasons, Sir, I have great pleasure in supporting this amendment.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, this is not the first occasion on which it has been my painful duty to oppose a demand made by a certain section of this House for the reduction of postal rates. I had to face a similar demand twice last year and I gave my reasons for opposing the demand to the House in full on the 9th February, and again on the 16th March, last year. I do not propose to take up the time of the House by repeating in detail the arguments which I had used on those occasions and I shall confine myself to some of the broader aspects of the question.

I may at the outset mention that the cost of this proposal to halve the rate for single postcards and for reply postcards will on the present volume of traffic amount to about Rs. 90 lakhs a year.

Sir Hari Singh Gour: Not allowing for expansion?

The Honourable Sir Bhupendra Nath Mitra: I shall deal with every aspect of the question if the Honourable Member will be patient. But even with that volume of traffic, the loss will be more than Rs. 90 lakhs, for a reason to which reference was made by my Honourable friend Mr. Duraiswamy Aiyangar. As soon as the present difference between the

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initial rate for letters and the rate for the postcard is increased, a certain volume of traffic which is now carried by the letter mail will come down to the postcards, and therefore the loss on the present volume of traffic will be increased to about Rs. 1 crore a year.

Now, Sir, I come to the point to which reference was made by my friend Sir Hari Singh Gour. It is often urged by supporters of a demand for reduction in postal rates that if we reduce the rates the traffic will go up so enormously that the revenue yielded by the additional traffic will not only suffice to meet any additional expenditure required to deal with that extra traffic but will leave us with a substantial sum of money which will reduce our estimate of loss from that figure of a crore of rupees to an almost negligible figure. I shall in the first place deal with the first part of the argument and in doing so I shall reply to the statements which have been made by various Honourable Members of this House who have spoken before me including my friend Sir Purshotamdas Thakurdas. That part of the argument is based on the fact that on the increase in the postal rates in 1922 there was a large fall in the traffic in both letters and postcards, and it is argued that this reduction was mainly due to the increase in the rates which made it impossible for the poor man to afford the enhanced rates and compelled him to curtail his correspondence and the use of the postal service. If, however, the course of the postal traffic in recent years is examined a little more closely, the fallacy of the argument becomes apparent. Before the War, in the five years ending 1913-14 the average annual growth in the traffic was estimated at 17 million for letters and 14 million for postcards. In the three years ending 1920-21, the growth was estimated at 141 million for letters and 99 million for postcards. Will any of my Honourable friends seriously contend that the abnormal rise in these three years was due to a sudden increase in the poor man's correspondence? It must be remembered that the period was one in which the level of prices in India had reached its peak and generally speaking there had not been a corresponding rise in the poor man's earnings. The abnormal growth in the postal traffic in the three years was due to another cause with which most of us are familiar. It was due to the trade boom which followed the Armistice. We are also all aware that that trade boom was followed by a trade depression which reached abysmal depths in the year 1922-23. It is no wonder then that the estimated traffic in letters fell by 100 millions in that year and the traffic in postcards fell by 125 millions. That, however, is the true explanation of the abnormal rise and the abnormal fall in the traffic in the years 1918-19 to 1922-23, and I submit that the poor man does not enter into the picture to any material extent.

Sir Purshotamdas Thakurdas: He comes in nowhere.

The Honourable Sir Bhupendra Nath Mitra: Further evidence in support of my contention is furnished by the fact that the receipts from the sale of postage stamps in April 1922, amounted to Rs. 56 lakhs as against Rs. 72 lakhs in April, 1921, though the increased postage rates had not come into force till the 24th of April, 1922. Indeed the facts in regard to postal traffic in the years 1918 to 1923 simply bear out the experience of other countries, namely, that the principal factor controlling the volume of that traffic is the condition of business throughout the country and not the poor man's correspondence. I think quite recently we have been faced with a similar experience in connection with the reduction of railway

rates. When the railway rates were reduced in 1926-27, it was anticipated that it would bring in a very considerable volume of extra revenue, but owing to dullness in business we did not manage to realise the anticipated increase of revenue.

Mr. A. Rangaswami Iyengar: You will do so now.

The Honourable Sir Bhupendra Nath Mitra: I do not know.

Sir Hari Singh Gour: Let us try.

The Honourable Sir Bhupendra Nath Mitra: I was surprised to hear my friend Sir Purshotamdas Thakurdas say that there had been a steady fall in revenue since the postal rates were reduced in 1922. After that large fall, so far as I can make out, there has been again a steady rise. In the three years ending 1925-26 the average annual increase in the traffic in letters was estimated at 10 million and in postcards at 9 million. I am not sure that this rate of growth will be substantially enhanced with the reduction of postal rates, unless there is a substantial improvement in the conditions of business in the country, in which case the traffic will go up automatically irrespective of any reduction in rates. Be that as it may, and this is very important, I have no doubt in my mind that it will not be possible to efficiently handle any additional traffic at a cost materially lower than the value of that traffic at present rates, unless we try to sweat our large body of subordinate employees by extending their hours of work beyond the present standard of 8 hours a day, by increasing the length of the beat and the weight carried by the postman, and by reducing the conveniences which these subordinates now enjoy in various directions. I am sure that none of the Members of this House will advocate such a course of action, and the only effect of a substantial rise in the traffic, with the reduction in rates, will be a further increase in the figure of annual loss which I have already given to the House, for the traffic itself will be unremunerative, and any growth in it will add to the loss.

Now, Sir, I shall turn to another aspect of the subject. I was rather surprised to hear my friend Mr. Duraiswamy Aiyangar talk about further retrenchment. On several occasions in the past I have explained to the House that in 1923-24 more was done by the Department in the direction of securing real economies than was recommended by the Incheape Committee.

Mr. C. Duraiswamy Aiyangar: By the reduction of 74 village postmen?

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member will kindly refer to the speech I delivered in the House on the 10th of March last year he will find that we arrived at that result not simply by reducing a few postmen but we had also to make other drastic retrenchments. It is, however, obviously impossible to restrict the expenditure of the Department or of its Postal Branch to the level of 1923-24. The expenditure must go up automatically with the growth in the volume of traffic. The only way in which further retrenchment of any considerable magnitude can be effected is either by reducing the numbers of the staff or by reducing their emoluments. The House may take it from me that action in either direction is impossible in the case of the Postal Branch, though following the recommendations of the Ryan Committee we intend to try to introduce a cheaper class of clerk for sorting work. It may interest the House to know that while the total volume of postal

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traffic, including parcels and money orders has gone up from 1,081 millions in 1913-14 to 1,810 millions in 1925-26—that is by over 21 per cent.—the strength of the staff, exclusive of the Audit Office and of the road establishment which fluctuates with the opening of railways and motor services, has increased in that period from 74,000 to 88,000 or less than 20 per cent. Indeed in their zeal for keeping down expenditure the authorities have in certain cases in recent years allowed the strength of the operative staff to fall below the requirements of traffic, with the result that the operatives had to work longer hours than those prescribed. This is the state of affairs which is supported by the interim figures that were quoted by my Honourable friend Mr. Duraiswamy Aiyangar. It led to complaints from the staff in regard to which questions have been asked in this House from time to time and which formed one of the principal items of grievance that I undertook to examine personally on a suggestion of my Honourable friend Mr. Jinnah made on the floor of this House on the 12th February 1925. It was the other day that my Honourable friend Mr. Ram Narayan Singh referred to the hardships suffered by postmen in certain rural areas in his province, and he suggested that if an improvement was not made in the conditions prevailing the efficiency of the service would suffer. In a sense he was perfectly correct, although I have not yet had an opportunity of checking the facts which he mentioned in this House. As the result of the examination which I promised to make in February 1925, provision was made in the Budget for 1926-27 for additional staff in cases where relief was urgently required and the process is being repeated in the Budget for 1927-28. It may further interest the House to know that out of the 88,000 men mentioned by me and a road establishment of 17,000, only about 300 are in receipt of a pay of Rs. 300 and over, and 32 are in receipt of a pay of Rs. 800 and over, only a dozen of these 300 officers possessing non-Asiatic domicile. I am mentioning these figures because loose statements are made that the Department is top-heavy and employs a disproportionate number of officers on high rates of pay. It is true that the number of officers who are in receipt of a pay of Rs. 300 and over is now higher than it was in 1913-14, but that is mostly due to the fact that the pay of officers who in 1913-14 were getting Rs. 250 to 300 has now been raised above the latter figure.

As regards reduction in the emoluments of the staff all but 8 per cent. of which are in receipt of a pay of less than Rs. 300 a month, it is obvious from the debate which took place in this House on the 10th and 11th March last that this is not possible, and that what is probably required is an improvement in the pay and allowances of a large number of the low-paid staff. Some Honourable Members who have spoken have attacked the principle which we have been consistently following in regard to the financial arrangements of the Department. This fundamental principle, as mentioned by me on several occasions in the past, is that the rates charged by the Department for the various services rendered by it to the public should be so adjusted that on the whole their yield would just suffice to meet the expenses that the Department must incur to maintain the services on a reasonable standard of efficiency. In other words, taken as a whole the Department should pay its way and it should not be receiving, carrying and delivering letters and mails and telegrams of its customers at the expense of the general tax-payer. I should like

at this stage to reiterate an observation which I have also made on previous occasions. These postal rates are not a tax on communications. They are not a tax at all. They are simply charges levied to meet the expenses of services rendered. It has been at times argued by some of my Honourable friends that in the application of the principle we ought not to mix up the Postal Branch of the Department with the Telegraph and Telephone Branch. I submit, Sir, that we are fully justified in the view which we have consistently held in the matter. It is a generally accepted principle in all important countries of the world that the Post and Telegraph Department should have control over all means for the transmission of intelligence. I know that the position in the United States of America is different, but if my Honourable friends will care to read the reports of the Postmaster-General in that country they will find that there too the adoption of the principle has been strongly advocated. The justification of the principle is obvious, because the various services rendered by the Department are intimately connected with one another, the telegraph and telephone and radio providing merely for a more expeditious method of communication than the postal service. As I mentioned in this House the other day, the principal customers of the Department who contribute to the small surplus in the Postal Branch are men engaged in business of various categories, and they are interested in the telegraph and telephone services as much as they are interested in the postal service. It is, however, not necessary for me to dwell on this aspect of the question at any great length, for our latest calculations indicate that in 1927-28 there will be a small surplus of Rs. 8 lakhs in the Postal Branch of the service and small deficits of Rs. 6 lakhs and Rs. 3 lakhs, respectively, in the Telegraph and Telephone branches of the service. I may in this connection observe that the deficits in the last two cases are to some extent due to the concessional rates which we grant to newspapers as a means of disseminating intelligence and in which the House the other day decided to make no further reduction at present in view of the financial position of the Department. As I said the other day it will not be possible to obtain a true picture of the position until the accounts in the new form and with complete adjustments are available for three or four years. I know that on the present occasion, my friend Mr. Neogy has challenged the financial principle to which I have referred. The answer to Mr. Neogy, I think, was furnished by my friend Mr. Joshi. He asked if the postcards of the poor people are to be carried free, why should not these poor people be supplied with free food and free clothing. I think my friend Mr. Joshi made that observation simply, and perhaps unwittingly to bring out the absurdity of the contention of my friend Mr. Neogy

Mr. N. M. Joshi: No, no.

The Honourable Sir Bhupendra Nath Mitra: Now, Sir, my friend Mr. Neogy also referred to the position in America, and I asked him whether he had at all cared to study the real position in America. After the remarks which fell from my friend Mr. Neogy in regard to America last year, I tried to study some of the Reports of the Postmaster-General in that country. I shall give him a quotation from one of these Reports:

"Postage rates should be fixed and readjusted from time to time with a view to an equitable distribution of the total charges among the senders of different classes of mail on a basis that will promote the greatest usefulness of the service as a whole and secure a total revenue approximately equal to the total expenditure."

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(Several Honourable Members: "What does it show?"). In the year 1918 the accounts of the Post Office in the United States of America yielded a surplus of 64 million dollars. In the next year this surplus rose to 74 million dollars. Thereupon they reduced their rates, with the result that there was a deficit in the year 1924 of 14 million dollars . . .

Lala Lajpat Rai: They never ran the telegraph service as a Government concern.

The Honourable Sir Bhupendra Nath Mitra: I think I have already referred to the position in regard to the telegraph service in America. I am now dealing with Mr. Neogy's arguments in regard to the postal service. Why do they permit that deficit in that country? The reason is that official letters are carried free of charge under frank. In India we abolished that arrangement long ago. If that arrangement had continued the effect of it would have been that we would have been running the Postal Branch of the Department with a subsidy of a crore of rupees a year from the general taxpayer because the amounts received from the sale of service stamps aggregate about a crore of rupees a year.

Mr. K. C. Neogy: May I give a quotation to my friend about the policy which determines this matter in America? It is a policy which "operates the Post Office on a service basis with primary regard to the general well-being rather than to the purely financial results obtained from such enterprise."

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member has given me a quotation, and I have given the House another. If we want to look at the matter from different aspects, we can never get a complete picture; but I have brought out the fact from another quotation, that they do not wholly overlook the financial considerations in the United States of America. There is a subsidy from the general tax-payer to the postal service in that country and the reason for that is that official and certain other correspondence is carried under frank or free of charge. The value of this concession was estimated before the War at something like fifty million dollars. The correspondence carried free of charge includes what is known as Parliamentary correspondence. I hope, Sir, that I have succeeded in making it clear to the House that, consistently with the principle that the postal service should be self-supporting, it is not yet possible to make any reductions in our existing scale of postal rates. As I explained to the House the other day, the principle is of the greatest advantage to the Department from the point of view of the maintenance of its efficiency and the development of its operations. It has enabled me to devote additional funds to removing certain legitimate grievances of the staff which were impairing their efficiency. It has helped me to open more post offices in the current and last years, mostly in rural areas, than had been possible in the preceding nine years. As I told the House the other day, the number of post offices, including experimental offices, which we hope to open in the two years 1925-26 and 1926-27 will be 1,400 as against 780 in the preceding nine years. I think it is necessary that I should say a few words about these experimental post offices. It has been explained several times on the floor of this House that they do not pay their way. Still, they are opened and maintained by the Department to the extent that its finances

permit in order to make postal facilities available to poor people in the rural areas,—a measure which I know is considered by this House, and by my Honourable friend Sir Hari Singh Gour in particular, to be of the highest importance and value to the economic development of the country. As I urged the other day, if the principle of running the Post Office on a self-supporting basis is discarded, and I have to depend on subsidies from the yield of general taxation, it is obvious that both efficiency and development will be seriously jeopardised, as the Post Office will in that case receive, along with other applicants, the claims of some of whom may be considered to be more deserving and pressing, only a share of any benefactions which the Honourable the Finance Member may have to distribute out of his budget surplus. I would again appeal to the House not to lend its support to any proposal which may have disastrous consequences on the efficiency and development of the Department.

The arguments which are adduced by supporters of the demand for reduction in postal rates are, so far as I have been able to follow them, as follows: The rates were raised at a time of financial stringency and they should therefore be reduced. I think my friend, Mr. Duraiswamy Aiyangar drew attention to the fact that the rates had been raised because it was found necessary to increase the pay of the subordinates very considerably. Has that contingency disappeared? Did not my friend, Mr. Duraiswamy Aiyangar, the other day, among others, press me to make further improvements in the pay of these subordinates? My Honourable friend, Mr. Prakasam, who is one of those who are to-day supporting this demand for reduction in the rate for postcards, also pressed the other day that something more should be done for these subordinates of the Post Office. I submit, Sir, therefore, that the necessity for the enhanced rates of postage still exists.

The other argument used is that the present rates are too high; they hit the poor man: they impede progress in the development of the country. I think my friend, Sir Purshotamdas Thakurdas, referred to the dumb millions of India in this connection; and I think my friend Mr. Joshi replied to him, stating that he did not understand how these dumb millions were going to write postcards if there were no post offices in the neighbourhood at which they could post these postcards. I wonder whether there is nobody in this House who seriously believes that under existing conditions of prices and wages, our present rates for postcards are too high. I doubt whether there is any country in the world which maintains an inland postal service extending over such a wide tract of country, and of the standard of efficiency which we have in India, at cheaper rates than are charged in this country.

Sir Hari Singh Gour: What is the postage in France?

The Honourable Sir Bhupendra Nath Mitra: Much higher, Sir.

Sir Hari Singh Gour: Much lower.

The Honourable Sir Bhupendra Nath Mitra: No, Sir. (*An Honourable Member:* "At the present rate of exchange?") At the present rate of exchange,—that is another matter. But at the rate for the gold franc it is higher.

Lala Lajpat Rai: What is the average income of a Frenchman as compared with an Indian?

The Honourable Sir Bhupendra Nath Mitra: It is not a question of the average income, Sir. The point is how are we going to meet the expenditure? Here comes in the argument suggested by my friend Mr. Joshi. If the average income of the poor man is very low, why should not the State intervene and provide all these poor people with free food and free clothing?

Lala Lajpat Rai: A very good argument—because you cannot provide them with cheap food, therefore they shall not have cheap postage as well.

The Honourable Sir Bhupendra Nath Mitra: We are giving them postal facilities as much as it is possible to do so.

Mr. C. Duraiswamy Aiyangar: You do not feel it desirable to put it as your own argument. You only quote it as Mr. Joshi's argument.

The Honourable Sir Bhupendra Nath Mitra: I have already given my argument. I am quoting Mr. Joshi as supporting my argument.

Mr. A. Rangaswami Iyengar: Somebody must produce this income before the State can distribute it.

The Honourable Sir Bhupendra Nath Mitra: Then where is this income going to come from, before the State is going to provide this subsidy of a crore of rupees for the benefit of the so-called poor man who wants to write postcards? As I have already shown, it is not the poor man who will benefit but it is the business man who is going to benefit.

Now, Sir, I wish to pursue the poor-man argument a little further. It is true that from 1881 to 1921 that postcard was carried in India for one pice. But, have not prices increased enormously since those days? We know that in recent years the index number of the cost of living of the labouring classes in the Bombay Presidency has gone up from 100 in 1900 to 181 in 1925. I think one of my Honourable friends argued that if the prices have gone up by only 50 per cent. the price of the postcards should not have been raised 100 per cent. As I say, the price of the postcard was fixed at the pre-war rate of one pice in 1881. If you compare the rise in prices from 1881 to 1921 you will find that the rise is certainly not less than 100 per cent.

Mr. Jamnadas M. Mehta: What was the price level when you raised it from one pice to two pice? That is the material consideration. That is the criterion.

The Honourable Sir Bhupendra Nath Mitra: That is not the criterion. I will explain that to my Honourable friend Mr. Jamnadas Mehta. As the price level went up from 1881, we did not increase the wages of the subordinate employees of the Post Office correspondingly and as a result of not giving them that increase, it was possible for us to carry the postcard at the rate of one pice up to 1921. Does it follow from that that the same condition of affairs should be allowed to continue? It is that lag in the rise in wages, as compared with the rise in prices, about which my Honourable friend Mr. Jamnadas Mehta, a great economic expert as he is, has often talked on the floor of the House.

Lala Lajpat Rai: Why does the Honourable Member talk of the subordinate employees? Why can't he talk of the higher paid officers?

The Honourable Sir Bhupendra Nath Mitra: I have, little while ago, pointed out that there are only about 80 officers drawing pay of over Rs. 800 out of a whole staff of over a lakh. I thought the Honourable Member had listened to what I said. It has often been said that this Department is top-heavy.

Lala Lajpat Rai: All Departments are top-heavy.

The Honourable Sir Bhupendra Nath Mitra: This Department is not top-heavy. I am concerned at the present moment only with the Indian Postal and Telegraph Department.

Lala Lajpat Rai: We are concerned with the Government of India.

The Honourable Sir Bhupendra Nath Mitra: I am not going to indulge in any political discussions at the present moment; I am concerned more with an economic question. Sir, but if prices have increased enormously since 1881, have not wages also gone up? We know that "economical wages" of ordinary labour in rural areas in the Bombay Presidency have gone up from 100 in 1900 to 325 in 1925, and "real wages" from 100 to 180. As the wages of these poor men have gone up more largely than the prices in the same period, I do not see where the difficulty arises on their part in paying two pice for a service for which they used to pay one pice before the rise in prices and wages. In regard to the other part of the argument that the present postal rates hamper progress in the development of the country, I think it will be clear from what I have said that the continuance of the present rates is the surest way of securing the development of postal facilities in rural areas, which is the most effective way of helping the poor man; and that any reduction in the present rates is sure to impede that development.

To my mind, the only real reason behind this demand for a reduction in postal rates is one of sentiment. We know that a similar demand was made in England some time ago; and it had to be explained by the Postmaster-General and the Chancellor of the Exchequer that a reversion to the pre-war rates was not an economical proposition. Quotations from the speeches of these authorities were placed before the House on previous occasions and Honourable Members will be able to find them in the official reports of the debates. I would implore Honourable Members not to allow considerations of sentiment to outweigh the more important considerations which I have placed before them, and I would ask them not to pursue this question of reduction of postal rates until they are satisfied that it is an economic proposition.

Mr. President: The question is:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted:

'Single	Quarter of an anna
Reply	Half an anna.'

The Assembly divided.

AYES—53.

Abdul Haye, Mr.
 Abdul Matin Chaudhury, Maulvi.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Ayyangar, Mr. M. S. Sessa.
 Bhargava, Pandit Thakur Das.
 Chetty, Mr. R. K. Shanmukham.
 Chunder, Mr. Nirmal Chunder.
 Das, Mr. B.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Srish Chandra.
 Goswami, Mr. T. C.
 Gour, Sir Hari Singh.
 Gulab Singh, Sardar.
 Haji, Mr. Sarabhai Nemchand.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Jayakar, Mr. M. R.
 Jogiah, Mr. Varahagiri Venkata.
 Kartar Singh, Sardar.
 Kelkar, Mr. N. C.
 Kidwai, Mr. Rafi Ahmad.
 Kunzru, Pandit Hirday Nath.
 Lahiri Chaudhury, Mr. Dhirendra
 Kanta.

Lajpat Rai, Lala.
 Mehta, Mr. Jannadas M.
 Misra, Mr. Dwarka Prasad.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Naidu, Mr. B. P.
 Natiq, Maulvi, A. H.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Prakasam, Mr. T.
 Purshotamdas Thakurdas, Sir.
 Rafimtulla, Mr. Fazal Ibrahim.
 Rajah, Rao Bahadur M. C.
 Ranga Iyer, Mr. C. S.
 Rao, Mr. G. Sarvotham.
 Roy, Mr. Bhabendra Chandra.
 Roy, Rai Bahadur Tarit Bhusan.
 Sarda, Rai Sahib Harbilas.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Muhammad.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Tok Kyi, U.

NOES—61.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Qaiyum, Nawab Sir Safibzada
 Akram Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ariff, Mr. Yacoob C.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Savid.
 Ayyangar, Mr. V. K. A. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopalaswami.
 Bhoze, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Chalmers, Mr. T. A.
 Coatsman, Mr. J.
 Cocke, Mr. H. G.
 Dalal, Sir Bomanji.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 Gavin-Jones, Mr. T.
 Ghazanfar Ali Khan, Raja.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haigh, Mr. P. B.
 Hamlett, Mr. J.
 Howall, Mr. E. B.
 Hussain Shah, Savved.
 Innes, The Honourable Sir Charles.
 Ismail Khan, Mr.
 Joshi, Mr. N. M.

Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Risaldar-Major
 and Honorary Captain.
 Keane, Mr. M.
 Khin Maung, U.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Macphail, The Rev. Dr. E. M.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Moore, Mr. Arthur.
 Muddiman, The Honourable Sir
 Alexander.
 Nasir-ud-din Ahmad, Khan Bahadur.
 Paddison, Sir George.
 Parsons, Mr. A. A. L.
 Rajan Bakhsb Shah, Khan Bahadur
 Makhdum Sved.
 Rau, Mr. H. Shankar.
 Roy, Mr. K. C.
 Roy, Sir Ganen.
 Ruthnaswamy, Mr. M.
 Sassoon, Sir Victor.
 Shah Nawaz, Mian Mohammad.
 Singh, Rai Bahadur S. N.
 Sinha, Mr. Ambika Prasad.
 Suhrwardy, Dr. A.
 Sukes, Mr. E. F.
 Tonkinson, Mr. H.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Yonng, Mr. G. M.
 Zulfiqar Ali Khan, Nawab Sir.

The motion was negatived.

Mr. President: Order, order. The question is:

"That Schedule I do stand part of the Bill."

(At this stage an Honourable Member was crossing the floor of the House.)

Order, order. The Honourable gentleman should not move about when the Chair is putting a question.

The question is:

"That Schedule I do stand part of the Bill."

The motion was adopted.

Schedule I was added to the Bill.

Mr. President: The question is:

"That Schedule II do stand part of the Bill."

Of the amendments to this Schedule, I propose to take the amendment standing in the name of Mr. Prakasam—amendment No. 46 on the paper—first. Mr. Prakasam.

Mr. T. Prakasam: Sir I move:

"That in Part I of Schedule II to the Bill amendment No. (3) be omitted."

(At this stage an Honourable Member passed between the Chair and the speaker, and was called to order.)

Sir, No. (3) relates to carriages and cars. The reduction of the duty on cars and other articles from 30 per cent. to 20 per cent. is not justified. We have already a sufficient number of cars and motor service in the country. (Laughter.) (*An Honourable Member:* "No.") My Honourable friend over there laughs. I would only request him not to forget how many taxi cars are running every day empty in the city of Calcutta without finding work and I would also invite those friends who take a different view at least to my province where they would find so many cars all over the villages wherever there are roads. Even roads are not being maintained now, as they have become too many. So my submission is that we are not prospering very much, not rolling in wealth; it is not so much motor service that is wanted now for us immediately, but there are other services which are required. The duty that we get on this is not to be reduced. I move the amendment, Sir.

Mr. Fazal Ibrahim Rahimutulla (Bombay Central Division: Muhammadan Rural): Sir, I rise to oppose the amendment moved by my friend Mr. Prakasam and I do so after having thought very carefully over the question and over the proposal made by Government. The reason why Government have come forward with this proposal is to give facilities to have better roads, and as the roads department is a provincial subject, the amount of the 10 per cent. reduction of duty will be employed by Provincial Governments for bettering roads; and therefore I say, Sir, it is a matter of regret that my friend Mr. Prakasam should have thought it advisable to ask for the deletion of No. (3) of Schedule II.

Maulvi A. H. Natiq (Central Provinces: Muhammadan): Will the amount of this reduction go to the provinces?

Mr. Fasal Ibrahim Rahimtulla: It is the Local Governments to raise the tax, for development of roads, equivalent to that which is now sought to be reduced. In this connection, Sir, I may be permitted to remind this House of the debate which took place in the Council of State at the instance of my friend the Honourable Mr. Mahmood Suhrawardy, and speaking on that debate Sir John Bell has made out a very strong case that it is absolutely necessary for Provincial Governments to utilise this money and to have better roads for the transport of motors. He says:

“ Given good roads, there is an enormous field for the development of motor transport in India. In the United States of America there is one motor vehicle registered for every 7 persons in the country, in Great Britain there is one motor vehicle registered for every 76 persons in the country, and in India there is one motor vehicle registered for every 1,500 persons in the country.”

I would suggest to my friend that instead of omitting the item he should come forward for making it 10 per cent. instead of 20 per cent. In a paragraph from an editorial in the *Times of India* of Saturday, the 19th March, it is clearly put forward that the public, both for business and other pleasures, are becoming increasingly dependent on motor transport, and any improvement in means of transport must redound to the advantage of India as a whole. The motor is no longer a luxury, it has become an everyday necessity, calling for the provision of adequate facilities for its present use and future development.

Sir, this House will recognise that it is not possible for the railways to extend their lines if the line is not a paying proposition and it is on this account that roads are necessary in order to have better facilities for the agricultural classes. I will give a concrete instance, Sir, which I put forward before the Railway Committee, namely, a project to have a railway from Manmad to Malegaon. The Railway Department worked out the project and I was told it was not a paying proposition. It is a distance of 22 miles and there is a regular motor service. Therefore it is high time that we encouraged such services to provide facilities for the travelling public rather than keep this duty for the Government of India instead of allowing it to be utilised by the Provincial Governments. Another question which I may place before this House is that there is also a motor transport service from Manmad to Dhullia. If you want to go to Dhullia by rail it is very difficult because you have to go to two intermediate stations first. I hope my friend Mr. Prakasam will not press his point, but on the contrary will ask for a reduction. As I have pointed out, this is not a luxury and we want more facilities for transport, and I hope this House will not carry the amendment.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, I am glad that at last Government have been disarmed; they will not put forward the argument that it is only the interested rich man pretending the cause of the poor man just as it was perhaps argued in the case of the Currency Bill. No Mr. Rahimtulla has said in favour of the Government measure. And when during the budget discussion I was listening to the speech of my friend Sir Purshotamdas Thakurdas, he seemed to entertain the idea that when the people still have recourse

to their country carts it is not the time for us to give facilities for bringing in more motors. It has been said if motors become cheap it will give some handle to the Provincial Governments to put a heavy license on them and thereby put some money into their pockets, which they may make use of for improving the roads. How does that cheapen motors for the use of the masses, I do not understand. Then again as a theory it may be a very good thing. But I should rather think, before giving Provincial Governments that handle, it is better to propose here that out of this 30 per cent., a portion should as a beginning for some years be given to the Provincial Governments for spending in improving and making roads, so that after the roads are put in order to some extent, we might think whether we should reduce these duties. Then again there is another point. As to motor lorries and omnibuses, they are already taxed at 15 per cent. These are the only things required, I believe, for the transport of agricultural produce and other things. Now we are going to reduce the duty on motor cars which are called in our country generally pleasure cars. In 1921 this was one of the items that were selected for taxation, as Government wanted money badly and items of luxury were selected for new taxation, and this was evidently therefore selected as one of the items of luxury. Then again in 1921 it was 20 per cent. and in 1922 on that ground it was made 30 per cent. Five years ago these pleasure cars were an item of luxury. I do not understand what improvements in the condition of the people justify their being regarded as articles of necessity to-day. Whether roads should come before motor cars or motor cars should come before roads is a curious question. There is, I know, in the atmosphere to-day a certain theory of economics which says first increase your wants and then the supply will come of itself. Of course I am not one who has been yet able to persuade himself to support that theory. I have not been one of that school.

When this duty was increased it was on the basis that India was importing these cheap cars from America, which was a fact. It was mainly for cheap cars that the reduction of duty should be meant, for my Honourable friends on the other side will not object if 30 per cent. is put upon high-priced cars, and cheap cars were made only 20 per cent. in the Bill. Therefore these cheap cars are only meant primarily in this amendment and these cheap cars were imported by India in great numbers from America. The Fiscal Commission clearly says there were certain requests from British manufacturers that they would be in a position to manufacture cheap cars and as a matter of British preference the duty on those cars should be reduced; and the Fiscal Commission also recommend or suggest that this should be taken into consideration. Then there was another request from Canada to the same effect. Canada said, "We are giving certain facilities to Indian products in our market, and it is natural that India should put a smaller preferential duty on motor cars, cheap motor cars that now come from the United States and which we shall be able to manufacture and supply to India." I do not know if it is at all an article of necessity—that is my first point. Nobody knows of any common man in India who considers a pleasure-car an article of necessity. I do not speak of omnibuses and motor lorries; they are excluded from this amendment. (*The Honourable Sir Charles Innes*: "Not omnibuses.") I understand they are excluded. Well I do not know any common man in India who considers a pleasure-car an article of necessity. The time, if it

[Pandit Nilakantha Das.]

will ever come, has not yet come. Then again I do not know whether this reduction of the duty is not proposed as British or Imperial Preference which has been clearly stated by the Fiscal Commission. On these two grounds particularly, I support the amendment moved by my Honourable friend Mr. Prakasam.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I think that I can assure the Honourable Member at once on the last point he has raised, namely, that this is another example on the part of Government of trying to introduce what he calls British preference. There is no question of British preference about it at all. This proposal has been made by Government on the recommendation of the Taxation Enquiry Committee and the Honourable Member may know that the Taxation Enquiry Committee consisted of six gentlemen, four of whom were Indians. I see no reason on earth why these four gentlemen should go out of their way to propose what the Honourable Member calls British preference. Just let me explain very briefly to the House what is I think already familiar to most of them,—the position in regard to this motor taxation. In 1921 and again in 1922, when we were faced with very heavy deficits, we were compelled to put on heavy taxation, practically on every article we imported. We put on particularly heavy taxation on motor cars, not so much because we regarded the motor car as a luxury but because we took the view that a person who could afford to have a car could afford to pay a heavier tax,—or at any rate that he could afford to pay it better than a great many other people. But we have long recognised that our duty on motor cars are much too heavy. They are not only subjected to this extremely heavy duty of 30 per cent.; the Honourable Member must remember that in addition they have to pay a petrol tax; that petrol tax only two years ago was six annas a gallon; it is now four annas a gallon. In addition the motor car user has often to pay license fees to Local Governments; he very often has to pay municipal and other local taxes. We have long recognised, therefore, that our taxation on motor cars is too heavy, and indeed that it is operating as a tax on transport. Now, the Taxation Enquiry Committee, as the Honourable Member will find in paragraph 419 of their Report, use the following words:

“At the same time it must be remembered that India is very inadequately supplied with railway facilities, and the introduction of motor transport services in many provinces has brought the rural classes, into closer touch with the cities. Motor busses are also displacing bullock carts where there are good roads. It is difficult to exaggerate the political and economic advantages of rapid means of transport in India, and the development of motor transport services should, in the opinion of the Committee, be encouraged by the Government. If the two propositions are accepted, first, that an increase in motor transport would be for the benefit of the country, and second, that motor vehicles, specially those of the heavier types, are items in respect of which local authorities are entitled to take a fair share of the taxation, then it would appear that sooner or later a reduction of the import duties is desirable.”

We think that this is a favourable opportunity for making a beginning with the reduction of these import duties. We propose to reduce the duties on cars from 30 to 20 per cent. and the duty on tyres and tubes from 30 to 15 per cent. Now the reduction of duty on tyres and tubes will of course assist those motor busses and motor lorries to which Mr. Nilakantha Das referred. As regards the reduction of the duty on motor

cars I should like to explain to the Honourable Member that we find it absolutely impossible in practice to differentiate between what I may call the taxi and the ordinary motor car; consequently taxis are now assessed at 30 per cent. Further, these taxis, or at any rate the chassis of these cars, are now being imported into India in large quantities and they are being fitted locally with bodies in India and they are being converted into small motor busses, which are running about, as the Honourable Member truly said, all over the country; and that is precisely the development which we in the Government are so anxious to encourage. Only recently I happened to go to my own district in Madras on the West Coast and there I found that cars sold in the district were being fitted locally with bodies and in almost every station at which the train stopped the train was met by a fleet of these small motor busses bringing passengers from the interior to the railway station and taking them off. Surely I think that my two Honourable friends from Madras will agree that that is a development which Government should not in any way repress. That is the sole reason which actuated the Government in bringing forward this amendment. We think this is a favourable opportunity to make this move. Our statistics of imports of motor cars show that in the last two or three years there has been a great impetus in the imports of motor cars. We want to stimulate that impetus; we want to stimulate these imports and we believe that if these proposals are accepted by the House the imports of motor cars and the use of motor transport in India will be so stimulated that we shall recover in a year or two whatever revenue we are sacrificing at the moment, and in this budget year we estimate our loss at only Rs. 10 lakhs.

Now, let me give the House an example of successful action in that way. Two years ago the Government came forward with a proposal to reduce the petrol duty from six annas to four annas. We were told at the time that we were taking risks and that we were sacrificing revenue which we could ill-afford to lose, and we then told the House that we were quite certain that in a very short time we should recover all the revenue lost merely by the increase of consumption. And this is what has happened. In 1924-25 when the duty was 6 annas a gallon, we made out of the excise duty on petrol 78 lakhs of rupees. In 1925-26 when we reduced the duty to 4 annas a gallon, that is by 33 per cent., there was such an increase in consumption that we lost only 2 lakhs of rupees. The revenue collected was 76 lakhs, and in the first 11 months of the current year the revenue from petrol duty is 86 lakhs; that is to say, not only have we recovered what we lost, but we stand to gain 8 to 10 lakhs in addition. We are quite certain that that is what is going to happen if the House accepts this proposal. It may mean in the current year a loss of 10 lakhs. But believe me we will get the amount manifold in future years because we shall have done something to stimulate the use of our motor transport all over the country and thereby we shall have improved the communications and transport facilities of the country. Sir, I oppose the motion.

Mr. President: The question is:

* That in Part I of Schedule II to the Bill, amendment No. (3) be omitted."

The motion was negatived.

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

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

Mr. President: The question is :

“ That Schedule II do stand part of the Bill.”

There are several amendments on Part II to this Schedule. Of these, I propose to take up amendment No. 57 and amendment No. 61, the one standing in the name of Mr. Rangaswami Iyengar and the other standing in the name of Mr. Mukhtar Singh, each dealing with one distinct and specific issue. Mr. Rangaswami's amendment deals with the hide duty and Mr. Mukhtar Singh's deals with the tea duty. These two amendments will practically cover all other amendments to Part II. I therefore call upon Mr. Rangaswami Iyengar to move his amendment.

Mr. A. Rangaswami Iyengar: Sir, I beg to move :

“ That in Part II of Schedule II to the Bill amendment No. 1 be omitted.”

This, Sir, is a motion to retain the export duty of 5 per cent. on hides and not repeal it. Sir, I had occasion to refer to this matter during the course of the General Budget debate and I need not again emphasise the fact that the hides and skins industry in my province is one which requires the special consideration of the Honourable the Finance Member and, may I add, Sir, the special help and protection of my Honourable friend, Sir Charles Innes, who knows the position in Madras. I do not want, Sir, to go back to the history of this matter. Honourable Members are aware that, so far as the hides and skins industry is concerned, that industry is mainly concentrated in the Madras Presidency, and to a large extent also in Northern India and Bombay. The great majority of the output of the tanners where hides are half-tanned are exported to the other countries. Some of it is being used for purposes of manufacture in this country, but the bulk of it is exported. The exploitation of untanned hides in this country has long been a matter upon which the Government as well as the public were deeply concerned and, during the period of the War, the Government very properly considered the leather industry in this country and the manufacture of tanned hides and skins as a key industry, as Sir Charles Innes once described it in a debate in this House, and concluded that that industry legitimately required protection at the hands of the Assembly. Those were days, Sir, when a policy of protection was to some extent treated as a matter of heresy and yet it was merely as a post-war measure that the Government intervened at that time to impose the duty of 15 per cent. in 1919 with a rebate of 10 per cent. for the hides tanned within the British Empire. The Honourable Sir Charles Innes pointed out that the object of imposing it at that time was to retain this key industry within the Empire.

The Honourable Sir Charles Innes: May I mention that I was not in the Government of India at the time.

An Honourable Member: Sir George Barnes.

Mr. A. Rangaswami Iyengar: I am saying, Sir, that Sir Charles Innes described it in 1928 as an effort to keep this key industry in this country made by Sir George Barnes in 1919.

Sir, in March 1928, this duty was reduced to 5 per cent. in spite of the protests of the people who were vitally affected by it, namely, the skin and hide merchants in Madras and in other parts of the country. I do not know, Sir, why the Finance Member should have now thought fit to pretend to give this so-called relief to the tax-payer of a few lakhs of rupees in respect of an industry which very sorely needs protection and help and which stands to be ruined in my province if this proposal of the Government is carried. Sir, this matter of the removal of the export duty on hides is a matter on which the Associated Chambers of Commerce in Calcutta have all along been vitally interested. Their repeated agitation in this matter has had the effect of reducing the original duty to 5 per cent. and now again we find the Government yielding to the clamour of the vested interests represented by the Associated Chambers of Commerce and not of the interests of the vast mass of Indian merchants and Indian shippers in Madras. Sir, this is not the first instance in which any proposal that the Associated Chambers of Commerce think fit to put forward is immediately accepted by the Honourable the Finance Member and put into Bills which, when they are sent out to the Select Committee and examined, are found to be full of flaws with the result that motions for Select Committees have had to be withdrawn. I say, Sir, that this attitude on the part of the Finance Member, namely, that the last word upon these matters lies with the Associated Chambers of Commerce or with the representations which they may make to him when they meet him from time to time on his tours, has proved extremely detrimental to the interests of Indian industries as well as the general economic interests of India. The proposal to repeal the export duty on hides is justified on the ground that the Fiscal Commission recommended the abolition of the duty and the Taxation Enquiry Committee also have done so. Sir, so far as this is concerned, the position taken by the Taxation Enquiry Committee as well as by the Fiscal Commission is that this industry requires protection, but there is an objection in principle to the levy of an export duty because generally its incidence is less certain than that of an import duty. I submit, Sir, that the question whether an import duty could be levied of a protective character on this industry in this country or not is a question which I do not want to discuss now. But I may point out that so far as this industry is concerned, an import duty cannot satisfy the requirements of the case. It is obvious, Sir, that in respect of an industry the bulk of whose goods have to be exported, an import duty cannot be levied on manufactured leather goods imported into this country for the reason that in this country the manufacture of leather goods has not been on such a scale that it can be adequately protected by an import duty so as to prevent the importation of manufactured leather goods. The only means, Sir, by which the tanning and skin industry in this country can be protected is to encourage the industry such as it is to exist and to carry on its trade as it is. The real point is this. The principle that an export duty should not be levied cannot be applied to an industry of this kind. The import of finished leather coming into this country being very little as compared with the export of hides from this country, the country should be made to consume hides tanned in India by making exported leather dearer by the export duty. Sir, I suggest that that is the only way in which protection can be given to this industry at this stage. It is not necessary for me, and I think it will be admitted on the other side, to state that this tanning industry in this country is in an extremely depressed state.

[Mr. A. Rangaswami Iyengar.]

The depression was due to the after-effects of the War, and it has not yet recovered from the depression. An argument has been used in the course of the controversy that the duty has failed to resuscitate or revive this industry. That argument was answered in 1928 in this House by pointing out that the real reason for the depression in that industry was the general trade depression which existed at that time, and the main cause being the general trade depression the fact that the duty did not operate as effectively as it might have under other circumstances has been completely ignored. What I want to state now is that the trade just now shows signs of revival. In Madras the tanning industry is just rebuilding its shattered fortunes, and I say it is most unwise at this time to go and nip in the bud this industry again and ask all these 500 and odd tanners in my province to shut up, to scrap their plant, machinery and all and then when trade gets into a better state in respect of raw hides, ask them to begin again and to start manufacture of tanning hides. If there is one certain means of destroying this industry in my province it is this repeal of the export duty. I do not want to say that there may not be found other ways of protecting this industry to make it thrive. If that is so, I submit it is the duty of Government to refer this matter to the Tariff Board and ask them to make proper proposals for the protection of this industry. But it is not right for them without examining the matter to straightaway ask that this export duty should be taken away at once and then to leave this trade at the mercy of the market in which it is bound to go to rack and ruin. I also state that the real position as regards the tanning industry in my province has been grossly misunderstood. One argument that has been urged in this connection is that all the inferior hides that would otherwise find an outlet for export have been discouraged from being exported by the existence of this duty and therefore there is much loss of wealth in the destruction of these inferior hides. I submit that that is not so. Whatever might have been the case at the time when the 15 per cent. duty existed, that case does not exist now where there is only 5 per cent. duty. And it has also to be recollected that these inferior hides as a matter of fact find a market in this country rather than in outside countries, and therefore the contention that these inferior hides are put out of the market cannot be advanced at the present time when the duty is only 5 per cent. There is another aspect of this matter which has been communicated to me by Sir Gordon Fraser, and that is this:

"The hides industry in Southern India has been in a bad way for the past few years, and it would be a great pity to withdraw the duty just as there are prospects of improving the industry by the introduction of tanning with the aid of wattle bark. Up to recently all tanning was done by Avaram bark but the cost of this is too heavy to allow the Madras tanners to compete with the Continental manufacturers who buy the raw hides in Calcutta. With the aid of wattle bark it is hoped to cheapen the production in India and so be in a better position to compete. Unfortunately at present there are very small supplies of wattle bark available in the country, the bulk of which has to be imported from South Africa. Government at present charge an import duty of 15 per cent. and this is a serious handicap. Now Sir Basil Blackett proposes to withdraw the export duty on the raw hides but leaves on the import duty on a raw material like wattle bark. I therefore should strongly suggest that he should withdraw the import duty on wattle bark and retain the export duty on raw hides."

Sir, then there is only one other point which I desire to make in this connection. It is well known that prior to the War the bulk of the

export of raw hides was done through the manipulations of a German ring. After the War that ring ceased to exist and there was depression all over the Continent. We have reason to believe that this ring has been again formed and I want to put it to the House to examine what will be the effect upon the great tanning industry in this country if this ring is fully resuscitated and is made to buy up all the raw products leaving the tanning industry in this country in a most precarious position. This ring would not take our hides in the semi-tanned state in which they are to be exported, because they want to take only the raw hides there, tan them themselves, make them into manufactured articles and send them back. We want on the other hand that our tanning industry should go on from the stage of semi-tanned exports to that in which we may find that the bulk of the leather that is available in this country is made into manufactured goods. If we want to do that, are we going to allow this ring to operate again and allow their efforts to take away all the raw hides from this country in an unmanufactured state to succeed, to the detriment of a great and valuable industry? So far as my own province is concerned, this is one of the chief industries that have existed there for a long time and it is an industry in which my Muhammadan countrymen particularly, as also Hindus, are very much interested. I do not want that anything that we do in this House should stand in the way of the very small industrial beginnings that we have been making and carrying on for a number of years from having a fair chance. The Industries Department has been in existence for a number of years. I do not know if this Department has been of much help to the tanning industry. Whatever that may be Government have now accepted the principle of protection of the industries of this country. The Government have admitted that this is a key industry, one of the key industries of this country. This was proved during the War when the Government took over the control of the leather manufactured in this country and placed the whole of the manufacturers and tanners in this country under the control of the military authorities. Knowing as we do that this is a key industry, it is up to the Government not to yield to any representation that may be made by particular shippers of raw hides at Calcutta or elsewhere and to see that the industry is protected by every means in their power. Whether they will find any better means of protecting the industry or not is a question which they are bound to examine but in the meantime do not take away the very small benefit that you are now giving to that industry, because, if you do, the ruin of that industry is certain. I appeal to the Finance Member that this is only a question of a few lakhs. It is not going to make much difference, as he told me yesterday, in the estimates if this duty is retained this year or till next year. Let him bring proposals next year if he is able to think of a proper substitute for it, but if he cannot, let him not take away the help that exists now.

Sir Purshotamdas Thakurdas: He is always glad of more money.

Mr. A. Rangaswami Iyengar: Therefore it seems to me strange that the Honourable the Finance Member should now come and affect to relieve the tax-payer of a few lakhs; but when we know that this proposal has at the back of it the Associated Chambers of Commerce. I say, Sir, we know that the Indian industries are not the industries that are at the back of it. I appeal to the Finance Member not to insist

[Mr. A. Rangaswami Iyengar.]

upon putting this amendment to the Finance Bill; after all, it is not really important for a Finance Bill nor is it relevant to its objects. I therefore move my amendment.

Pandit Dwarka Prasad Misra (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I rise to support the amendment moved by my Honourable friend Mr. A. Rangaswami Iyengar to the amendment No. 1 in Part II of Schedule II of the Indian Finance Bill. The Government of India have always encouraged us in producing raw materials and in exporting it to other countries; they have never helped us in the industrialization of the country, and, Sir, in this respect the tanning industry is by no means an exception. Sir, it ought to be a matter of common knowledge that India produces the best raw hides in the world, and for a long time they have merely been exported to the United States of America, to Germany and to other continental countries.

The Honourable Sir Charles Innes: Did the Honourable Member say that India produces the best raw hides in the world?

Pandit Dwarka Prasad Misra: Yes, but I will come to that soon.

The Honourable Sir Charles Innes: I only want to know what he said.

Pandit Dwarka Prasad Misra: I want the Honourable the Commerce Member to have a little patience. These foreigners, Sir, never cared for our tanned leather and were interested only in having our raw material. The United States of America, Germany, France and Italy imposed heavy tariff duties to exclude our tanned material from their markets and so our tanned leather could not be exported. What came to our help was not human sympathy but the Great War. During the War, owing to military requirements a number of tanning factories came into existence in this country. When the War was over, our Government was pleased to show some kindness. Realizing that, if no encouragement was given, the new industry might dwindle and disappear, they imposed 15 per cent. export duty on raw hides as a protective measure. Those who were interested only in the export trade raised a tremendous clamour, and the whole question was hotly debated in the year 1921 in the Legislative Assembly; but, Sir, because the Government of India were faced with a heavy deficit in that year, they did not agree either to reduce or to abolish the export duty. But, in the year 1923 they could not resist the constant pressure and they reduced it to 5 per cent. Now, Sir, after only three years we have come to the stage of abolition. Unfortunately for us, Sir, in the year 1921-22 there was a great depression in our exports; but this had nothing to do with this export duty. Trade conditions were abnormal owing to the world's slump in hides. Further the depression was due to the fact that Germany, which was one of our best importers of raw hides (*The Honourable Sir Charles Innes: "Question."*) failed to purchase owing to her economic collapse just after the War. (*The Honourable Sir Charles Innes: "Question."*)

Then, Sir, came the Fiscal Commission and it reported that the export duty should be abolished. The Taxation Enquiry Committee has also taken this view and the Honourable the Finance Member has referred to it in his support. But I want to state that Dr. Paranjpye and Sardar Jogindra Singh, the only two persons in the Committee in whom the House

can repose full confidence, have differed from the other Members. (Hear, hear.) Says the Report:

"Dr. Paranjpye and the Honourable Sardar Jogindra Singh consider that the experience of the last few years cannot be regarded as conclusive on account of the abnormal conditions due to the War and its after-effects. They consider that a vigorous effort should be made to encourage the Indian tanning industry, and that the export duty should not be given up."

Now, Sir, I submit that these two members have taken the correct view and the development of this industry is quite possible. My grounds are these. We produce, as I have just said, the finest raw material. As my Honourable friend Sir Charles Innes has questioned that statement, I am going to read for his benefit from what Sir Logie Watson, a tanning authority of Cawnpore, said in 1921 on this subject. He is reported to have said:

"I do not know of any country, Sir, producing buffaloes in the numbers in which they are produced in India. We find a few stray ones in Egypt and occasionally around Constantinople and Smyrna. But I have never seen them in numbers in any other part of the world, and I say therefore that India has a monopoly of buffaloes and as a monopoly we ought to protect it to our advantage. I am not aware, Sir, that any other country in the world produces cow hides of the qualities and kinds that India produces. But I am subject to correction. Sir, I am intimately acquainted with China hides. China does not produce the same class of cow hides as India does."

I believe this conclusively answers the Commerce Member's interruption. Besides having fine raw material we have got certain other advantages. Acacia pods and bark, Indian sumach; the tanner's cassia, mangroves, and myrabolans are the materials which are required for tanning, and I submit, Sir, that these are also available in India. The only thing that stood in the way of our tanning industry in the past was a lack of expert knowledge on the part of our tanners and good management. Given these two things, I am of opinion that the tanning industry of India can be developed to an enormous extent.

It has been said that on account of the export duty the export trade in raw hides has suffered. I want to point out that this is not so. In 1920 we exported 70,000 tons of raw hides. This was a year of boom for raw hides and therefore an abnormal year. 1920-21 on the other hand was the worst year for the trade; we exported only 24,000 tons of raw hides. But in 1921-22, the figure went up to 40,500. In 1922-23 it just came down a little to 45,700 tons. In 1923-24 it went up to 48,900, in 1924-25 it was 47,700 tons.

The Honourable Sir Charles Innes: May I just remind the Honourable Member that he is quoting the figures for hides and skins, and not hides? We are only concerned with hides.

Fandit Dwarka Prasad Misra: Separate figures are not available and, therefore, I have to mix them up.

Now, another point is whether our tanning industry is actually developing or not. This can be known from the annual exports of tanned hides from this country to foreign countries. In 1919-20 we exported 28,000 tons of tanned leather. As I have said, this was an abnormal year. In 1920-21 when there was depression, it came down to 6,000 tons. In 1921-22, it went up to 10,300 tons; in 1922-23 to 14,600 tons and in 1923-24 to 18,000 tons. From this it is clear that the industry is developing and that in the future there is a great prospect for this industry. Now, Sir, for the year 1924-25 I have not got the figures as far as the export of tanned

[Pandit Dwarka Prasad Misra.]

leather is concerned, but the Government publication "India in 1923-24" says:

"There was a welcome revival in the trade of tanned hides and skins, the total quantity exported increasing from 10,300 tons to 14,600 tons; and the value rising from Rs. 392 lakhs to Rs. 506 lakhs. The United Kingdom took the bulk of the exports."

Then, Sir, the report entitled "India in 1924-25" goes further:

"The trade in tanned hides and skins showed a continuation of last year's revival. The total quantity exported was more than 18,000 tons valued at Rs. 5.90 crores. Among individual tanned hides, cow hides showed the largest increase; rising from 8,530 tons valued at Rs. 1.99 crores to 11,466 tons valued at Rs. 2.77 crores. As in previous years, the United Kingdom was the principal market, taking 93 per cent. of the tanned hides and 65 per cent. of the tanned skins."

It is quite clear from this that, given an opportunity, this industry can be developed to a considerable extent, but as I have said in the very beginning, Government are more anxious to exploit our raw material than to encourage an industry in this country. With these remarks, Sir, I support the amendment moved by my Honourable friend Mr. Iyengar.

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, my Honourable friend from Tanjore *cum*

3 P.M. Trichinopoly made, I think, some rather unnecessary remarks about the Chambers of Commerce. I think if he has a good case to argue on its merits, he might argue it on its merits. I think that was the only blemish in an otherwise quite fair speech, from his point of view. This from my point of view is not a matter of Chambers of Commerce *versus* anybody else; quite frankly there are conflicting interests and within the Chambers of Commerce that I represent opinions are divided. But the majority are in favour of the withdrawal of the export duty on hides. We are not discussing skins to-day at all. Sir, I mentioned the other day which were in favour of withdrawal and which were not. I might perhaps have added that the Bombay Chamber, as a Chamber, was neutral and did not vote either way. The majority are in favour of the withdrawal of this duty in the interests, as they see it, of the trade of the country. The object of this duty, as was explained by the Finance Member in the Imperial Council in 1919, was to protect Indian tanneries which were started during the War. Now there is a point to be emphasized there, that it was to protect the tanneries started during the War. The tanneries started before the War have on the whole been very successful in India and need no further protection. If it could be shown that the tannery industry as a whole needed protection to-day I should say, as I did originally on the Steel Bill, that the proper way to protect it would be by a system of bounties; but the protection does not appear to be needed for the reasons I have stated. The new tanneries have certainly had a very uphill battle, but the evidence I have is that the protection which has been given by this export duty has not been successful in its object and has, on the other hand, hampered an export trade. Now interests differ so much on this question. There are certain ports that have an export trade where there are no tanneries. If you take Bombay, Bombay has a considerable export trade in hides, but it also has its tanneries. Cawnpore has its tanneries, but it has no export trade at all as a port, so that obviously interests differ. As I see it, the object was to encourage the tanning of hides within the country, but what has happened? I do not want to quote a lot of figures because my Honourable friend Mr. Misra quoted some, and after all they are rather dull to listen to, but the point from the statistics is this.

that before the War we used to export on an average something like nine to ten thousand tons of hides, tanned or dressed, to a value of between 150 and 180 lakhs. Now if we turn to the figures of the post-war years we find that between 1921 and 1922 exports had fallen to about 6,000 tons, which was the figure mentioned by my friend Mr. Misra, of a value of 146 lakhs. In 1922 they reached the same level in bulk as before the War, namely, 10,000 tons, and, owing to the high prices of skins the value had gone up to 231 lakhs. Now if we take the figures—I will not go into details—for 1925-26, we find that the exports for that year were 12,000 tons, an increase in 12 years of only 20 per cent. Therefore, our export trade, showing a figure like that, can hardly claim that an export duty has been very successful! On the other hand, our imports of hides—here we are dealing with much smaller figures—have gone up. Our imports of dressed leather and so on have gone up. If the import is increasing in this way then that might be regarded as an argument for some form of protection, but even if it were it would not affect the argument for the export duty. Now surely it is an economic proposition with which we can start that an export duty falls upon the producer. Who is the producer of hides? The producer of hides is the agriculturist and in a place like Burma, where there is no tanning industry, when cattle die—if you have an export duty—it merely means that the man whose cattle died gets less value for the hides. The Taxation Enquiry Committee and the Fiscal Commission have both been very definite that this is a tax which ought to be removed. I do not think my Honourable friend Mr. Rangaswami Iyengar has made any case at all for keeping it on except in certain districts. Well, as I pointed out, the tanning factories are very few in India and they are in very few places, but your export duty if you keep it on applies to every port in the country. Now is it right that every place in the country should suffer for these few factories that are in existence in special places, and if a duty is necessary to protect them then an export duty is not the way to do it. You must admit that if you have an export duty, and supposing it is to protect your factories to some extent, it is also going to affect your consumer of hides in the country. You have further to consider this point, that India only uses the best of India's own hides. The Indian tanner cannot use the really poor hides and those are the hides that are exported to a very large extent. As I pointed out, we are only exporting to-day about half the hides that we exported before the War. Do we want to lose that, or do we want to encourage it? And if the duty is proved to be, as it is claimed in so many places to be, an adverse factor, then why not abolish it? My Honourable friend Mr. Lamb from Burma is anxious to give you a few facts and figures appertaining to Burma, so I will not trench upon his ground, but the point I found is this, that the agriculturist now is unable to sell a great many of these hides upcountry. The hide trade apparently is bad and it has not paid; the hide prices have not been able to cover the cost of expensive railway freights down to the ports for export. Do not forget that the best hides are used in India and it is the other stuff, that India has not been able to make a success of in tanning, that goes out. These hides go out very largely in a half-dressed or half-tanned condition where they can be treated in foreign countries but not here. The world demand for hides also is not what it was and therefore you cannot afford to be quite so independent as you could. There has been a considerable falling off in the actual consumption of leather. The same number of boots are not worn as used to be worn; people wear shoes where formerly they wore boots; I think, so far as I have applied my mind to it, the case for the

[Sir Walter Willson.]

withdrawal of the export duty is a very good one. It was put on, as I told you, for the purpose of encouraging the factories which started during the War. If, as my friend from Tanjore says, they are having a bad time of it, (Mr. A. Rangaswami Iyengar: "All of them.") that proves my point that it has failed in its object and therefore on the economic ground that it is a bad tax and falls upon the producer, I support the Finance Bill and oppose the amendment moved by my Honourable friend.

Mr. E. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I rise to support the amendment moved by my Honourable friend from Madras. Sir Gordon Fraser, who knows something about the tanning industry in Madras and who for some time was a Member of this House, has sent telegrams to some of the Madras representatives on this proposal of the Honourable the Finance Member to abolish the duty on hides,—and in the message that he has sent he concludes as follows:

"Cannot approach Sir Walter Willson as the Calcutta Chamber favours withdrawal of the duty on hides."

Finding that it will be of no use to approach Sir Walter Willson on this question, he has made a frantic appeal to the Madras representatives to do something to protect this very important industry in Madras. I am not prepared to argue that the export duty on hides can be justified purely on fiscal or economic grounds. To my mind there are very cogent arguments that might be advanced against an export duty imposed upon an article which is not a monopoly commodity. In such a case the burden of the duty would generally fall on the producer of the article itself. But the question of the duty on hides should not be viewed purely from that stand-point at present. In 1919 Government imposed an export duty of 15 per cent. on raw hides; and this measure was deliberately adopted as a measure to protect the Indian tanning industry. In 1923 the duty was reduced to 5 per cent. and I submit the step that the Government took in 1923 was not justified in so far as they had not satisfied themselves that the time had come when the industry did not need protection any longer. Even now the Honourable the Finance Member, who has made this proposal to withdraw the export duty, has not told us whether in his opinion the tanning industry of India does not require protection any longer. Sir, the question of the export duty on hides is mixed up with the question of protecting the tanning industry in India. If we are convinced that the tanning industry does not require protection at all, certainly we would be justified in abolishing the export duty. But that is a matter on which the Finance Member has not expressed any opinion; and it is a matter upon which I am not competent to express a final opinion. What I submit is that before any steps are taken to withdraw the export duty the whole matter, whether the tanning industry does require protection, must be examined. I understand that the tanning industry has already applied to the Government to have this question referred to the Tariff Board; and my submission to-day is that, until the question is examined by the Tariff Board, and until some definite conclusions are arrived at whether the industry does require protection or not, it would be unwise to withdraw the export duty on hides. If the duty is to be withdrawn, it is up to the Finance Member to prove that the

industry does not require protection or to place before the House other proposals to protect the tanning industry. I would, therefore, submit to him, Sir, that the export duty ought to be retained until the whole question is examined by the Tariff Board and definite conclusions are arrived at whether the tanning industry in India requires protection or not.

Mr. W. S. Lamb (Burma: European): Sir, I rise to give my whole-hearted support to the proposal of Government. Figuratively speaking, Burma, for whom I speak, will require a much thicker and tougher hide than that of a rhinoceros if it were to be protected from such measures as this duty which we are now discussing. When I spoke on the general discussion of the Budget, I said that the firms in Burma who are engaged in the hide trade were more or less irretrievably ruined. That, Sir, is a plain statement of fact. The two firms who are now dealing in the hide business have been losing steadily for several years. They have really held on in the hope that this duty would be removed and they would be given an opportunity for recouping their losses. The other day the senior of the bigger of the two firms wrote to me thus:

"I may assure you that with full knowledge of the continued harm the tax will do not only to ourselves but to Burma, I will have to hand over the whole of my concern to the bank, and that means the loss of a power which commercially and politically has helped Burma and Burmans a great deal during the last 40 years."

It has been represented that in the world trade depression, hides, like other things, have suffered, and we are told that, especially in India hides are no longer required for soldiers' boots and other goods. In some degree, no doubt, these factors are responsible for Burma losses. But there is not the slightest doubt that in the case of Burma this 5 per cent. duty is the millstone that by itself, on the authority of the Finance Member, poisons relations. The hide business in Burma has never been a very profitable one; even on a considerable turnover, the profit is very small. As is well known, the hides in Burma are distinctly inferior to those exported from India. At no time and in no country can Burma command anything like as good a price as the Indian hides, and, as my friend Sir Walter Willson pointed out, inferiority does not commend itself to the Madras tanners. In this connection, in speaking of the inferiority of the Burma hides, I would draw attention to what the Fiscal Commission have said:

"There can be no doubt that the duty has, as we should have expected, injured the producer and served to aggravate the depression. We have received evidence that the duty has been particularly injurious to the trade in low-quality hides (which as a matter of fact the Indian tanners do not require). The Indian tanners wish to retain for themselves the high-class hide for which, even with the export duty, there is some demand abroad. But in order to obtain this advantage, the trade in low-quality hides, which depends almost entirely on their support, has been seriously injured."

So much for the duty, Sir. Burma suffers in a peculiar manner, more or less entirely its own. Writing in June of last year, the firm which has the largest trade in hides in Burma wrote to this effect:

"We are not novices in the business and it is no pleasure for us to write like this but we humbly submit that on the top of other taxes to pay 5 per cent. on a fictitious turnover is a burden no business should be called upon to bear or certainly not a business such as hides alone. We say fictitious as the Government of India makes the value of our hides, not us or our buyers, and as an indication of its correctness we will take existing values as imposed by them on two articles, namely, dry cow hides and goat skin. (I am not dealing with the second.) Other hides suffered in about the same ratio as dry cow hides. The Government valuation, 6 as. 6 pies, per pound, paid irrespective of quality for the purposes of averaging as above. We have taken our average and on the last cabled advice the value is about 6 pence per lb."

[Mr. W. S. Lamb.]

That is 6d. per lb. sold in Italy or Europe, after cost, insurance, freight and everything else had been paid, so that actually the incidence of this duty is not 5 per cent. but somewhere nearly 10 per cent. on the actual value. Well, that is one severe handicap. There is another one which entitles, and has always entitled, Burma to a special measure of sympathy. That is due to the fact that, whereas it is possible to ship from Bengal and other Indian ports to Europe, to Italy where these particular hides are taken, for 45 shillings per ton of 50 cubic feet, from Rangoon or other Burma ports to Italy transshipping is necessary at Port Said, and the freight rate, instead of being 45 shillings, is 135 shillings per ton weight. Well, making a comparison, if you presume 75 cubic feet to a ton of hides, you will find that Burma freight rates are actually twice what they are from India. So that, even if in the first place Burma had been left out when this duty was put on, it would have hurt nobody because it would not have paid an exporter to send his goods down to Rangoon for shipment to those points.

I spoke, Sir, of existing firms: actually now there are only two. But when conditions were more favourable than they are now, two other firms of very high standing with lots of money behind them actually took up this tannery business, went to a great deal of expense, made a great number of experiments, installed very expensive and valuable plant. They did not last more than a year or two. And it is more or less—at least I am advised that for one reason or another, unavoidable reasons, so I am told—it is impossible to undertake tanning in Burma. Consequently we are entirely dependent on export. I should like to give Honourable Members some figures. In the three years before the War Burma shipped to Europe, mainly to Italy, the following quantities:

	Tons.
1910-11	6,000
1911-12	6,000
1912-23	7,000

—a total in three years of 19,000 tons.

Coming to the last three years, the figures for export are:

1923-24	2,000
1924-25	3,000
1925-26	4,000

and in the ten months of 1926-27, 2,600 tons only. Madras takes skin—we are not discussing this—and hides. They take only salted cow hides amounting in the last two years to some 900 tons per annum so that the Madras tanneries cannot be said to be doing Burma any good. Now, Sir, in conclusion I should like to quote from a letter from the firm to which I have referred:

“For some years now we have been working with reduced staff and cut down salaries and wages to an irreducible minimum. We find that since the incidence of the tax we have paid under this heading no less a sum than Rs. 6,39,745 and since 1920 we have made a net loss of no less than Rs. 8,21,153, or in other words, we have exhausted our capital, liquid and otherwise, in trying to compete with the above dreadful handicap. It is no longer a question of bad trade. The trade will not buy Burma hides at prices which will permit us to pay the above, taxes, freight and other expenses and leave sufficient to make it worth while for the ordinary jungleman or supplier to flay the dead cattle. Salaries, Directors' remuneration, wages, coolie hire, etc., for the whole of 1925-26 come to less than we paid in export duty alone. If this tax cannot be abolished then we must inevitably close down.”

This is from the firm which has been established in Burma for some 50 years. They have no other interest than that of hides. They do something like 80 or 90 per cent. of the hide business in Burma and the case I have given may properly and legitimately be taken as representing Burma's case. I strongly support the Government proposals.

Pandit Nilakantha Das: Sir, I gave an amendment which covers both tea and hides. This is particularly half of my amendment and I support it. As to the economic aspect of the question, from the point of view of export and import duty, protection of the Indian leather industry, the question has been well put by my friends Mr. Iyengar, Mr. Chetty and Mr. Misra and though I am equally interested as Madraasis, in all kinds of protection of the leather industry for my constituency has one of the biggest tanning factories in India, the Utkal tannery, which is on the brink of ruin so to say—I should much like to save it—there is another and a larger economic aspect of the question indirectly affected here, which I should specially like to point out. It is something like a bye-product of this measure of legislation which I am afraid has escaped notice. Hides are of two kinds. One is hide of live cattle and another, hide of dead cattle. (*An Honourable Member:* "Live?") Yes, when they are killed, slaughtered. (*Another Honourable Member:* "They are not live.") They are slaughtered. I beg your pardon. Then hide made of slaughtered cattle is the better stuff, and the other kind, the inferior stuff, is practically the only hide exported now, because the superior stuff, which makes better leather with less cost is required for the native tanning industry. The little of the inferior stuff which is being exported outside bears this customs duty; consequently the export is dull, for foreigners do not buy hides of slaughtered cattle on account of the export duty. Now, if you abolish this duty altogether, the hides of slaughtered cattle will be largely demanded on account of their cheapness and will be exported in great quantities and that will have an indirect effect on the cattle of the country. This is then an agricultural problem. We do not know if we have enough cattle to kill. There is a theory recently started, though I can not say whether it should be objected to only on sentimental grounds or on other grounds as well, that our old and infirm cattle should be killed so that a better kind of cattle may be bred in this country. I do not know whether India will subscribe to this kind of theory, but all the same, cattle killed for hides will never be selected from the old and infirm beasts. I am sure that if this export duty is abolished, in addition to its effects on our tanning industry, it will have a very great effect, so far as it goes, in this direction that people will be induced not only to slaughter but even to poison our young and plump cattle in greater numbers and that will have a very sad effect on our agriculture. We are rather too short of cattle already and we are going to breed our cattle and multiply them, and at such a time, apart from other considerations, we should not think of abolishing this export duty on hides. When other points from the economic aspect have been fairly dealt with, I did not want to give a silent vote without mentioning this important aspect of the matter. I support the motion.

Sir Purshotamdas Thakurdas: I have given notice of an amendment to the same effect as the one that is now before the House, and I need hardly say that I rise to give my support to the amendment.

The hide tanning industry is reported to me to be the third most important industry in the hands of Indians in India, and the most important industry in the Madras Presidency. We have had from Honourable Members

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representing Madras in this House some idea as to how, if this export duty, is now abolished, that important industry and the 500 and odd tanneries that have been established in that Presidency during the War and even before are likely to suffer. I am not interested in the hide tanning industry at all; luckily, my Presidency is not tangibly interested in that either. As Sir Walter Willson said, even in the Associated Chambers of Commerce meeting the Bombay Chamber of Commerce was neutral and did not express any opinion. But as far as the Indian Chambers of Commerce are concerned, at the last meeting of the Federation of the Indian Chambers of Commerce at Calcutta last December they unanimously passed a resolution supporting the amendment and opposing the Government suggestion for abolishing this duty. We had there representatives from about 80 or very nearly 40 Indian commercial bodies from all over India and there was not a single dissentient that this export duty on hides should be allowed to be abolished at this stage. I am quite aware, and the Federation of the Indian Chambers were quite aware, of the opinion expressed by the Fiscal Commission and also by the majority members of the Indian Taxation Committee that on the bare technical principle any export duty is undesirable. I myself endorse that but in this particular question there appears to me to be such practical reasons for considering the technical aspect of the principle in relation with the past history and the past utility of this industry that I venture to suggest that one should not be swayed by the mere technique of this question. It has been suggested that this duty was put on in 1919 to the extent of 15 per cent. for the purpose of helping the tanneries which had been established during the war period. I think that is what my Honourable friend Sir Walter Willson said.

The Honourable Sir Charles Innes: It was intended to protect the leather industry.

Sir Purshotamdas Thakurdas: Including tanneries, I take it then. I hope the Honourable the Commerce Member will not urge to-day that the Government of India were ignorant in 1919 of the sound economic principle that an export duty on raw material is undesirable. Why then were the Government of India a party to this export duty of 15 per cent. on the export of raw hides from India, and I venture to ask Sir Walter Willson why the Associated Chambers of Commerce, including the Bengal Chamber of Commerce, pressed for this export duty? I submit that the reason is that during the war period the tanneries of Madras did such yeoman service to the British army and to the armies of the Empire and the armies of the Allies that the Government of India could only do a very very small service in return to these tanneries by putting on this export duty. Seven years have rolled by since then. The services rendered by men and industries during the war period are beginning to be forgotten. No wonder that this poor industry which is in the hands of Indians is now beginning to lose the sympathy even of the Commerce Member of the Government of India. I submit that an industry which was looked upon as a key industry during the war period must be preserved by the Legislature of India lest during another revival of that madness of war, India and the British armies may require similar assistance again. I feel that it is a very short-sighted policy to overlook the utility of this industry for the reason that in the immediate future one may not see any reasonable chance of use of that industry to the Government, but that is not the only claim of this tanning industry for protection at the hands of the Government of

India, even to the niggardly extent of 5 per cent. Sir Logie Watson, who represented, I understand, the Cawnpore Chamber of Commerce in 1921, said . . .

The Honourable Sir Charles Innes: And the North-West Tannery.

Sir Purshotamdas Thakurdas: All to his credit, Sir. I am going to quote him as my authority. Speaking in 1921 on a motion very similar to the one now before the House he said that he had been in the tannery business in India for very nearly 32 years and he said in 1921 that 25 years before he had been pressing upon the Government of India the desirability of putting on an export duty on hides and skins in order that India might build up her own tanning industry and eventually her own leather industry. Sir Logie Watson complained that in those old days the Government of India were more deaf to popular agitation than they were in 1921, and the Great War and the cutting out of resources from other parts of the world necessitated the Government of India making India self-contained in as many directions as possible. He further said that every other country in the world, even the British colonies, Sir, have very high import duties on the import of manufactured leather from India. They want only the raw material from India and nothing else, and Sir Logie Watson recommended that the export duty on raw hides from India should be as high as these countries have import duties on manufactured material from India. It is only by that method that Sir Logie Watson said that those countries would learn to have tanned hides from India instead of raw hides. Sir Charles Innes, I think, interrupted my Honourable friend, Mr. Misra, when he said that in his opinion India produced the best cow hides. Sir Logie Watson himself after 25 years' experience said that, and although he very modestly said that he spoke subject to correction, the Commerce Member, in 1921 at any rate, did not correct him. Sir Logie Watson went further and said that there is no other country—I will almost quote his sentence—

“ I am not aware, Sir, that any other country in the world produces cowhides of the qualities and kinds that India produces, but I am subject to correction.”

The Honourable Sir Charles Innes: May I just point out that I think Sir Logie Watson was referring to the Indian thin hide. It is not a very good hide but it is a particular kind of hide.

Sir Purshotamdas Thakurdas: And to that extent, then, it has no competitor in the world. I am giving Sir Logie Watson's own version; if the Commerce Member knows better, he will say so. The point is this. Are we, in this House, going to be a party to ruining 500 tanneries in Madras to which protection was given by the Government of India almost or rather actually with the consent of both Indian and British commerce in that year? In that year, Sir, 1919, the export duty was 15 per cent. Since then it was reduced to 5 per cent. My Honourable friend, Mr. Lamb, said that this 5 per cent. duty poisoned the relations between Burma and Delhi. I must congratulate Burma on having poisoned its relations with Delhi and having that poison felt at Delhi for the sake of 5 per cent. Sir, with as high a figure as 12½ per cent., we failed in this House to make a mark on the Finance Member. The point, Sir, is this: Is this 5 per cent. duty a heavy tax? If it is a heavy tax, then it must be affording considerable protection to the tanneries. If there is nothing in the 5 per cent. duty and it is an insignificant burden, why does my friend from Burma complain so bitterly about it?

Mr. W. S. Lamb: I have suggested that it is nearly ten per cent.,

Sir Purshotamdas Thakurdas: If that is so, that may require looking into; if it works out to more than 5 per cent., it can be remedied. Do I take it that a definite 5 per cent. incidence will not be minded by Burma? All that we are considering to-day is 5 per cent. But I do not wish, Sir, to overlook the practical difficulty of Burma and another port which has not been mentioned—Karachi. Sir, on the previous discussion on this question, representatives from Burma and from Karachi were for total abolition of this export duty on hides. I believe that in this question we must not be swayed by the interests of any one province as against the other. The two provinces whose interests are antagonistic to these are Madras and the United Provinces. Now, in Madras you have 500 tanneries which have been built up with the good work during the war period and which—if I am to rely upon the reports which I have been receiving and which my Honourable colleagues have been receiving from Madras—are just beginning to get as it were on *terra firma*. What is, Sir, the complaint of Burma and Karachi? Their complaint is that they have no tanneries. They say "Not having tanneries we suffer, because we have got to pay the duty."

Mr. W. S. Lamb: I said we have hides but they would not tan.

Sir Purshotamdas Thakurdas: If there are tanneries in Burma which would not tan, there must be some special reasons. Surely there are not such hides that they are not capable of being tanned. The countries which import hides from Burma surely do not use them without tanning, and it is up to Burma to find out how they can tan these hides of theirs before they export them. But I take it, Sir, that Burma is content to export the raw material for ever and does not aspire at manufacturing the raw material in order that it may eventually be able to supply the needs of Burma in the matter of leather. Is that the best aspiration of my Honourable friend Mr. Lamb from Burma?

Mr. W. S. Lamb: By no means.

Sir Purshotamdas Thakurdas: Why not take the next step then? Why do you ask this House to go back and to take a retrograde step and encourage the export of raw hides?

The Honourable Sir Charles Innes: Mr. Lamb told us that Burma did set up her tannery but the tannery failed.

Sir Purshotamdas Thakurdas: There must be some special reason for the tannery in Burma not being successful if tanneries in Madras can succeed. The Madras tanneries did very good service during the war period and I may remind the Honourable Member that the Government of India acknowledged that service in very handsome terms. Surely between hides produced in Burma and Madras there cannot be such a tremendous difference that the one is incapable of being tanned. . . .

Mr. W. S. Lamb: Are all hides from Madras tanned?

Sir Purshotamdas Thakurdas: The majority of the hides shipped are tanned.

Mr. W. S. Lamb: All of them are not tanned.

Sir Purshotamdas Thakurdas: If Madras can do the tanning, the other places also can. I am sure if you put on a duty of 15 per cent. not only Madras but all-India will tan all hides and nobody will export raw hides. That is the whole point. Is this House going to encourage a measure which will practically compel the local tanner to shut down and compel him to handle the raw material merely as a commission agent? That I submit is an absolutely retrograde step, and, if I may say so, I am surprised that the Commerce Department should father a step or give support to a step of this nature. It is, however, very necessary not to overlook the fact that conditions at the moment are that some places, as Burma and Karachi, have not got tanneries of the right sort. I think it is time for this House definitely to make up their minds in such a manner that persons interested in hides in every part may realise that they have either got to have tanneries or those hides and skins must go to other places where there are tanneries. I am sure if the Government of India had not been weak-kneed and had not given way and reduced this export duty by 10 per cent., by now, all these parts would have had tanneries of one sort or another and there would have been no question of the export duty being asked to be removed. In 1921-22 when there was a tremendous depression in all the countries which are customers of Indian hides and skins and when, as we know, the Munitions Board in London had a tremendous quantity of raw hides from here which they were bound to put on the market for sale, under the excuse of depression of trade affecting the export, Sir, the 15 per cent. duty was reduced by 10 per cent. There is only a bare 5 per cent. now left. The 5 per cent. is a landmark of a very wise attitude of the Government of India in 1919. It will now enable this House to definitely give their vote as to whether they want to scrap this and go back to the position where India can only export raw material and should not aspire at an industry which will make India self-contained as far as the provision of leather within the country is concerned. I do not wish, Sir, in the slightest degree to overlook the difficulties of either Bengal, Burma or Karachi, . . .

Sir Walter Willson: Did I understand the Honourable Member to say there were no tanneries in Calcutta?

Sir Purshotamdas Thakurdas: If there are, what is the objection?

Sir Walter Willson: There are.

Sir Purshotamdas Thakurdas: They must be very few.

Sir Walter Willson: Very good ones.

Sir Purshotamdas Thakurdas: I am very glad to hear it. Then I think those tannery owners do not sympathise with the views of the Associated Chamber. I understand in Bengal itself there is a division of opinion. I am sorry my friend Sir Walter Willson did not tell us that. However, let us not put a premium on those who wish to work in the old old rut and will not move a step forward in the direction of making India self-contained as far as using the raw materials of the country is concerned. Let this House definitely declare that it proposes to encourage the utilization within India of all the raw materials produced in India, and I am sure that both Burma and parts of Bengal which may at present complain, and such part of Karachi as may complain, will all reconcile themselves from now to the correct aspiration of India and tanneries will be put up and the

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export of raw hides from India may be a thing of the past. I therefore very cordially support the amendment before the House, and I hope, Sir, that, after the Honourable the Commerce Member has put forward the case of the Government of India, the House will give him a definite lead which will prevent a motion like this coming up from time to time, and which will give those interested in the export of raw hides definitely to understand what the Legislature of India thinks.

U. Khin Maung (Burma: Non-European): Sir, I have every intention of intervening in this debate, but unlike the unintentional interveners, I will be as brief as possible. I would not like to ply the House with pious platitudes and will say what I have to say in the shortest possible time. All that I want to do, Sir, is to endorse the remarks that have fallen from the lips of the Honourable Mr. Lamb, who represents Burma, and to thank the Finance Member for taking off the heavy and the weary weight of this duty on hides. Four of us in this House, Sir, represent Burma and I am very glad that for once there will be unanimity of opinion, though that unanimity is reached from different angles. I hope, Sir, that my Honourable friend U. Tok Kyi agrees with me in this respect. Speaking during the budget discussion U. Tok Kyi said:

"Export duties generally have an injurious effect and I think we should follow the very good example set by the United States of America. Sir, in the Budget that has been presented to us by the Honourable Finance Member, proposals have been made to do away with the export duty on hides and tea. It is very gratifying and I hope that the few other export duties that stand in the way will follow suit in no time. It is really gratifying, Sir."

It will be more gratifying, Sir, if I can find my Honourable friend Mr. U. Tok Kyi following me to the same lobby I am going into on this subject.

The Honourable Sir Charles Innes: Sir, my Honourable friend Mr. Rangaswami Iyengar made a special appeal to me as an old Madras officer not to press this proposal for the removal of the export duty on hides. Sir, I think I can claim to have had more connection with the tanning industry of Madras than any other Member of this House. For many years. . . .

Mr. T. Prakasam: On a point of order, Sir.

Mr. President: What is the Honourable Member's point of order?

Mr. T. Prakasam: On a point of order, Sir. I would like to know whether this is a final reply and the debate will be closed after it?

Mr. President: This is not the time for raising this particular point of order. The Honourable Member must wait.

The Honourable Sir Charles Innes: For many years I was Director of Industries in Madras and as Director of Industries I had to run what is known as the Leather Training School in Madras. Moreover, my own son is the chief lieutenant or one of the lieutenants of Sir Gordon Fraser, and I am not at all sure that the information which has been supplied to my Honourable friend Sir Purshotamdas Thakurdas was not supplied by my own son.

Sir Purshotamdas Thakurdas: I acknowledge the assistance, Sir, with many thanks.

The Honourable Sir Charles Innes: The point I wish to make, Sir, is this. If I with all this connection, this ancient connection with the Madras tanning industry, stand up here before the House and ask the House to take off this export duty I think the House may give me credit by believing that I have very strong reasons for doing so. It is against all the interest I have always taken in the tanning industry; but the real explanation is this, that since 1920 I have been connected with the Government of India. It was my business, first as Secretary in the Commerce Department and secondly as Member in the Commerce Department, not to take any sectional interest in this matter but to try to judge of the matter from the point of view of India as a whole; and the House may depend upon it that if the Government of India have come before the House with this proposal to remove the export duty altogether it is because they are satisfied that that is the right course in the interests of India.

Just let me remind the House very briefly of the reasons why this export duty was put on. It was put on in 1919. It was put on at a time when, as Sir Purshotamdas Thakurdas said, every hide that India could produce was required at Home for purposes connected with the War. We thought at that time that we were in a position to dictate the form in which our raw material could leave India. We thought by putting on this heavy duty with a rebate in favour of Empire countries we should be able not only to protect and encourage the tanning and leather industries in India but that we should keep within the Empire a key industry. That, Sir, was in 1919, and I have had occasion once before to say in this House that in 1919 I do not believe either that Government or even business men were sane. It was in April, 1920, that I came in as Secretary of the Commerce Department and, although I do not wish to give away the secrets of the Government of India, I should like to say that in June of that year I, as Secretary of the Commerce Department, raised the question whether this export duty should not be abolished. That, Sir, is my answer to Mr. Rangaswami Iyengar when he said I took up this proposal at the bidding of the Associated Chambers of Commerce. What are the facts? In 1919-20 when we put on this export duty we exported from India 54,000 tons of hide. In 1920-21 our exports dropped to 18,000 tons. The inevitable slump had come and we found that our export duty was doing no good at all, that it was not protecting the tanning industry in India, that it was not encouraging the leather industry in India and that it was doing

4 P.M. nothing to keep a key industry within the Empire; all that it was doing was to damage our own trade in raw hides without doing any good whatsoever. Had the financial position admitted it, we should have taken off that duty very much earlier than we did; but as everybody knows, our finances got worse and worse and it was only in 1923 that at considerable sacrifice of revenue we managed to get the duty reduced from 15 to 5 per cent. and it is only now that we feel we are in a position when we can take the final step and get the duty taken off altogether. Now, what I say is this, that the objects why we put on this export duty have been entirely unfulfilled. The only result that the export duty has had has been to damage one of the most important export trades of India. As Sir Walter Willson told us, in 1912-13 we exported 60,000 tons of raw hides from India; in 1913-14 we exported 56,000 tons of raw hides from India. What can we export in 1927-28? 29,000 tons. That is to say, our exports

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of raw hides have decreased by half. (Mr. A. Rangaswami Iyengar: "They have increased recently.") I do not suggest that it is the export duty that has killed this trade; I do not suggest that for a moment. But there are various other causes, causes which make for depression in the leather trade throughout the world. But what I do say is this: that where the demand for leather throughout the world is not so great as it was, then our exporters of raw hides are naturally finding more and more difficulty in getting a market for their hides. When they are finding that difficulty, what are we doing? We are adding to their difficulties by putting on this export duty. We know perfectly well—and Mr. Shanmukham Chetty very fairly admitted it—we know perfectly well that in this export tax we are not passing the incidence of the tax on to the foreign consumer; the incidence of the tax is borne by our own producers. In the light of the figures I have given, I defy anybody to deny that fact.

But, Sir, it is said that it is quite worth while making our producers undergo these sacrifices in order that we may encourage the Madras tanning industry. From what Sir Purshotamdas Thakurdas said, this House might think that the Madras tanning industry is an infant industry. It is nothing of the sort. It has been going on for years. In 1912-13 we shipped from India 11,000 tons of tanned hides; in 1913-14 we shipped nearly 9,000 tons; now we are shipping about 13,000 tons; that is to say, in spite of the fact that we have had this export duty on for several years now, there is hardly any expansion in that industry. Nor is there likely to be any expansion in it. Sir Purshotamdas Thakurdas made a fervent appeal to us not to ruin this flourishing industry and he suggested that if we took off this export duty we should be ruining this industry. Sir, if Sir Purshotamdas Thakurdas had studied his brief better, I am quite sure that he would not have made that remark. Sir Purshotamdas Thakurdas knows, or he ought to know as well as I do, that what is wrong with the Madras tanning industry is not so much the question of prices but lack of demand. After all what the Madras tanning industry exports is the rough tanned hide generally known as the East India kip, and the use of that East India kip is almost entirely for upper leathers of boots. Now, what is the main reason why Madras is finding difficulty in selling its tanned kips? The main reason is the fact that practically every one in this House is wearing to-day shoes instead of boots. There is very much less demand for upper leather for boots. That is one of the main reasons why the Madras industry at the present time is in a depressed condition. What is the other reason? The other reason is the deterioration in the quality of the Madras leather. I have got here a representation sent out to us from the Association of Factors, Merchants and Importers of Leather, Hides and Tanning Materials in London. Now, these Madras kips are bought almost entirely in the United Kingdom and there is practically no market for them anywhere else and these people have sent out a representation to us drawing our attention to the quality of tanned hides which are now being produced in the Madras Presidency, as compared with that which existed some time back. They say:

"Unquestionably the quality of these kips is deteriorating"

and they attribute it largely to the use by tanners in India of wattle bark instead of Avaram bark, which was really the advantage that Madras had over other provinces in the matter of these tanned kips. They had available to them a tanning stuff which

is known as Avaram down in Madras or Tarwad up in Northern India; its Latin name is *Cassia Auriculla* and it is extremely good tan stuff, simple to use and gives a fine sort of leather. Unfortunately during the War there was a great run on this Avaram, and since the War I understand that it has been used for manure and other purposes; at any rate, it has become more expensive. The Madras tanners are taking more and more to wattle with the result that the Madras tanned kip is not so satisfactory a material as it was before. I have brought out these two points, because I want to show what is wrong with the Madras industry, and the main causes which have made the depression in the Madras tanning industry are two. The demand is not going up because as the tanners are taking to more and more wattle their material is deteriorating because they use wattle instead of Avaram. I do not for a moment admit that if this 5 per cent. export duty were removed, it would, as Sir Purshotamdas Thakurdas put it, ruin the Madras tanning industry. It will not do anything of the sort. As Sir Walter Willson so clearly put it, what we have to decide to-day is what is the right, what is the fairest thing to do for India as a whole. On the one hand, you have the Madras tanners asking that this 5 per cent. export duty should be retained. In effect, they are asking that they should get the advantage of the 5 per cent. duty on their hides. At whose cost are they going to get that advantage? Not at the cost of this House; not at the cost of us, but at the cost of the producers all over India. That is what they are asking us to do. Cawnpore naturally takes the same view. Cawnpore likes to buy hides. Cawnpore itself makes leather. That is why I do not altogether accept the authority of my friend Sir Logie Watson. Sir Logie Watson in this matter is an interested party, so his own firm . . .

Sir Purshotamdas Thakurdas: May I ask, Sir, if the exporting firms in Burma and Calcutta are not equally interested? Why do the Government of India accept their authority?

The Honourable Sir Charles Innes: The exporting firms in Calcutta, Karachi and Burma are just as much entitled to put up their representations to the Government of India and to this House as the Madras tanners are. But, Sir, the exporting firms in these particular places do not make the same sort of statement as was quoted by Sir Purshotamdas Thakurdas on the authority of Sir Logie Watson. (*Sir Purshotamdas Thakurdas:* "That is a matter of opinion.") I, Sir, do not accept the statement of Sir Logie Watson, that India has a monopoly of a special type of hides, an inferior quality of hide, but a light hide. What Sir Logie Watson pointed out was that that hide could not be had anywhere else in the world. I myself have made careful inquiries into that point, and I was not able to confirm Sir Logie Watson's statement. If India has the monopoly of this particular kind of hide, why is it that exports of this hide have decreased by 50 per cent. since 1913-14?

Mr. A. Rangaswami Iyengar: Trade Depression.

The Honourable Sir Charles Innes: As I said, on the one hand, this House has got these representations put before it by Madras and by Cawnpore. On the other hand, we have to consider the interests of the producers all over India. It may be that those interests are represented here or that expression is given to them by the exporters of raw hides. But the interests we are concerned with are the interests of the producers all over India. Now, let us take Burma. Ever since this duty was put on,

[Sir Charles Innes.]

we in the Government of India have had the most bitter complaints from Burma against the duty. Madras has never claimed that it has ever bought hides from Burma. As Mr. Lamb told the House, Burma itself started a tannery during the War. That at any rate failed. Burma has no outlet for its hides except by means of exports, and yet in order that the Madras tanner may get his hides 5 per cent. cheaper, the producers all over Burma have to submit to that amount of loss. Moreover, it is perfectly true, as Mr. Lamb pointed out, that one of the inevitable disadvantages of an export rate of 5 per cent. is that that rate must inevitably be a flat rate, and a flat rate is a sort of average rate; and a rate fixed with reference to the average quality necessarily presses very much more heavily upon the inferior quality of hide than upon the superior quality of hide. And why the export duty has pressed with such severity and such unfairness on Burma is that, as Mr. Lamb has told us, Burma exports an inferior quality hide. Now, Sir, what is the reply the Government of India have got to give when the Burma Government, the Burma producers and the Burma exporters come to the Government of India and they say: "You put on that duty because you wanted to encourage tanning in India and because you wanted to keep a key industry within the Empire: both of those objects have failed." The Government of India would have to admit that that is true. Then they go on to say: "We can prove to you, we have proved to you, that the export duty is damaging our export trade severely." The Government of India have no answer. They have to admit it is true and when they say, "Are you going to keep an export duty," what answer are we to give? Are we to say, "Yes, we are going to keep an export duty so that Madras tanneries may get their hide 5 per cent. cheaper."? I ask this House with its sense of fairness, its sense of justice, is that a right reply for the Government of India to give? (Sir Purshotamdas Thakurdas: "Absolutely.") And it is not only the same in Burma but in all Northern India. Sir Purshotamdas Thakurdas told us, I think he said 40 Indian Chambers of Commerce had agreed that the duty should be retained. Sir, I have no doubt that the Indian Industrial Congress, or whatever it was called, did come to that decision. I have no doubt that they came to this decision at the request of the Southern India Chambers of Commerce. (Mr. A. Rangaswami Iyengar: "Why?") But Sir, there are many associations of Indian merchants in Northern India who are just as hot against the export duty as Southern India are hot for it. I have here a representation from the Hides and Skins Association of Calcutta. That is an Indian body—at any rate, the representation I have got is signed by the Chairman who is an Indian. I have too a representation from the Mirzapur Association in the United Provinces, another Indian Association. This is not a racial question, it is simply a question of the conflicting interests of province and province and it is for this House to decide which, in all the circumstances of the case, is the right thing to do. I say when Sir Purshotamdas Thakurdas said that this House should send a message that Northern India should not agree to go on exporting its raw material but should set up its own tannery, Sir Purshotamdas Thakurdas, if he will permit me to say so, was not fully cognisant of the facts. There are many tanneries in Northern India. There are many tanneries in many of the provinces of India, and the only reason why the Madras tanning industry is largely known is that it differs from other tanning industries because Madras tans are exported. I have

given the reason, the particular conditions in Madras which led to the starting of that particular industry. But the House may take it from me that in practically every province in India there are tanneries where they work up for local purposes their raw hide. But you have got to remember that India is a very big country. India is a country where the real facts of the matter are that there are vast surpluses, surpluses of hides over and above what can be used in the country. Is there any reason on earth why those surplus hides should not be exported? They cannot be tanned. Are we not to encourage the export of those hides?

Sir Purshotamdas Thakurdas: Is there any reason for not encouraging the export of tanned hides?

The Honourable Sir Charles Innes: I have already explained that the export of tanned hides which has arisen in Madras fulfils a limited demand, a demand for upper leathers. They go practically nowhere, with small exceptions, but to the United Kingdom. And I do not believe myself that we can increase this export industry very greatly. My point is that, after the requirements of the country have been met, there is a very large surplus of hides for export. That export trade in raw hides used to be one of the most important export trades of India. It used to be worth something like 8 crores of rupees. We have now reduced it to something like 3 crores of rupees, and I say, after studying this question in the fullest detail, it will be wrong of this House, merely because of sectional interests, to go and make the producers of India pay 5 per cent. in order that Madras may get their advantage.

I am not taking away anything from Madras, except what I regard as an unfair advantage. It is not as if the Government were protecting this industry or as if the tax-payer were protecting this industry. What this House is doing is asking the producers of hides, that is, the agriculturists all over India, to pay in order to get Madras a slight advantage in price and I say, Sir, that that is wrong, and that is the reason why I ask this House to agree that this duty should be taken off. I appeal to this House to look at it as a measure of justice to Burma and the other provinces and not to look at it from the point of view of my Honourable friends opposite. Sir, I oppose the amendment.

(Several Honourable Members then moved that the question be put.)

Mr. President: The Honourable Member from Andhradesha desired to raise a point of order. This is the stage when he should rise and not in the middle of the speech of the Honourable the Commerce Member. What is the point of order?

Mr. T. Prakasam: I would like to address you with your permission.

Mr. President: Does the Honourable Member wish to raise any point of order?

Mr. T. Prakasam: I wanted to ask then whether the debate would be closed with the speech of the Honourable the Commerce Member. That was the only thing and I thought that that was the occasion when I should interrupt you, Sir.

Mr. President: The Honourable Member ought to have known that the proper time for him to rise was when the Honourable the Commerce Member was called upon and not after he began his speech. It is not

[Mr. President.]

proper to interrupt a Member in that way when he is making a speech. Either the Honourable Member should have risen to a point of order at the time when I called upon the Honourable the Commerce Member or should rise now when he has concluded his speech. The point of order which the Honourable Member raises is whether the speech of the Honourable the Commerce Member concludes the debate on this amendment. The Honourable Member knows as well as I do that the Government have not the last word in debates on amendments and therefore the debate does not conclude with the speech of the Honourable the Commerce Member. But it is for the House to consider whether they have not sufficiently discussed this question. Any speeches that are made hereafter will not be answered by the Honourable the Commerce Member as he has no further opportunity of speaking. If the Members still desire to continue the debate they are entitled to do so till the closure is moved and carried.

(Several Honourable Members again moved that the question be put.)

***Mr. Yacoob C. Arif** (Calcutta and Suburbs: Muhammadan Urban): Sir, though I am personally in the tanning industry yet it does not prevent me from supporting the demand for the abolition of the export duty on raw hides. Sir, this abolition has been supported both by the Taxation Enquiry Committee as well as the Fiscal Commission for reasons which are well known to Honourable Members. I cannot understand the argument which says that the abolition of this duty will hit the tanning industry. Indeed, with the abolition of the export duty, I look forward to a revival in trade which will benefit both the export trade as well as the tanning industry. The latter requires cheap hides and the world market requires cheap hides. The abolition of the duty will effect this. Finally, since the cost of the duty falls on the producer, I consider that it is but equitable and fair that he should be relieved of an unnecessary burden.

Sir, I oppose the amendment.

(Several Honourable Members moved that the question be put.)

Mr. T. Prakasam: Sir (Several Honourable Members: "No"). I am much obliged to the Honourable Members who say "No". I would not have risen if I had not given an amendment on this and if the amendment were not still outstanding. But for that I would not have troubled the House. There is no desire on my part to take up the time of the House or to waste my own time. With regard to your observations on point of order raised by me, Sir—you will pardon me for my personal explanation—I would not have risen at that time if there had been any interval between your calling upon the Honourable the Finance Member first by mistake instead of upon Sir Charles Innes and then Sir Charles Innes himself getting up. There was no interval at all. That is how it happened. Otherwise, I would not have made the request.

Mr. President: The Honourable Member knows that after the Commerce Member spoke for a couple of minutes he suddenly got up and raised a point of order.

Mr. T. Prakasam: That was a mistake, I admit. I should have done it a minute earlier. Please permit me to say a few words upon my own amendment which covers the one under discussion. The point made by

*Speech not corrected by the Honourable Member.

the Honourable Member in charge is that this export duty cannot be continued any longer because it failed to produce the desired effect, and he quoted certain figures before the War and certain figures after the War to show that there was no expansion in this trade and there was no need to continue this duty. In reply I may submit that the depression between 1919 and 1928 was due to several causes; but so far as Madras is concerned, I may tell Honourable Members at once how many millionaires of Madras were ruined on account of the change in the exchange ratio from 1s. 4d. to 2s. in 1920.

Maulvi A. H. Natiq: What about the poor people?

Mr. T. Prakasam: 1s. 4d. was changed to 2s. by legislation here in 1920. There were protests, there were objections raised all round, and in spite of that an Ordinance had been passed, the Gold Ordinance from Simla.

Mr. President: I suppose we have had enough of the ratio controversy.

Mr. T. Prakasam: I must crave your indulgence for a minute. I am now directly giving an answer to the main and chief argument put before the House by the Honourable Member in charge that there was no expansion, the trade did not improve at all and this duty ought not to be allowed to continue. That is the argument of the Commerce Member. I am pointing out to the House that this was due to the crash and smash that came upon the merchants who were trading in hides as well as leather in Madras in that period. Allow me to point out to Honourable Members in this House that on account of the increased exchange ratio millionaires became beggars, persons who were masters of crores of rupees were not able to command a cup of tea or a cup of coffee. (Laughter.) There is no good of laughing sitting here. If those who are in charge of Government feel any doubt about these things, let them go and verify the points that are put forward here. We have come here to place certain facts and help you as far as possible if you are willing to take them. During that time, people who went to the tanning factories found them empty, there was no work, no business, no trade. That continued for 2 or 3 years. It was on account of that crisis that there was not sufficient capital. The whole trade was depressed. That was the chief cause. Sir Charles Innes shakes his head. In January 1921 there was a debate in the House of Commons as regards the terrible consequences of this change in ratio. If only the Honourable Member looks into it he will find how it had affected both the people there and the merchants who entered into contracts from here. In 1922 Sir Vithaldas Thakersey raised a debate upon that in this Assembly and that would also show how persons were ruined. The losses sustained by the Indian merchants during that period on a rough estimate exceeded nearly 100 crores of rupees. Most of the merchants who deal in this trade in the Madras Presidency are Moslem merchants and the telegram that we have received is from Mr. Jamal Mohamed, who is one of the biggest traders in hides and leather. He is also the President of the South Indian Hides and Skin Merchants' Association. In the Taxation Inquiry Committee Report also you will find in paragraph 159 what Dr. Paranjpye and Sardar Jogendra Singh said as their considered opinion. They said that the experience of the last few years could not be regarded as conclusive on account of the abnormal conditions due to the War and

[Mr. T. Prakasam.]

its after effects and they considered that a vigorous effort should be made to encourage the Indian tanning industry and that the export duty should not be given up. That is the opinion of these two gentlemen. The principle involved in the matter is the protection of the Indian industry. That principle had been abandoned by the Fiscal Commission. That principle had been given up by the majority of the Taxation Inquiry Committee when they stated that the object of the imposition of this tax should be taken to have been to see that the tanning industry in the Empire is protected. The Empire is always protected at the cost of India. In 1923 after the exchange trouble arose and when it was in full swing, the first fatal step was taken before sufficient time and opportunity were given for this "protection" to work under those terrible conditions. In 1923 they reduced the rate by 5 per cent. and then abolished 10 per cent. preference on hides and skins in the British Empire. No chance was given to this industry to rise, to lift its head and see whether it would survive or not. We are now requesting the Government to protect this industry and not to remove this little protection, however small it is. I appeal to Honourable Members to see that this home industry is protected.

(Honourable Members: "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: Order, order. The question is:

"That in Part II of Schedule II to the Bill amendment No. 1 be omitted."

The Assembly divided:

AYES—53.

Abdul Latif Sahab Farookhi, Mr.
Abdul Matin Chaudhury, Maulvi.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sessa.
Bhargava, Pandit Thakur Das.
Chaman Lall Mr.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Shish Chandra.
Goswami, Mr. T. C.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogish, Mr. Varahagiri Venkata.
Kartar Singh, Sardar.
Kerkara Mr. N. C.
Kidwai, Mr. Rafi Ahmad.
Kinnara, Pandit Hirday Nath.
Lalbat Rai, Lala.
Malaviya, Pandit Madan Mohan.

Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Mohammad Ismail Khan, Haji
Chaudhury.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Sahab Bahadur, Maulvi
Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Ranga Iyer, Mr. C. S.
Roy, Mr. Bhabendra Chandra.
Roy, Mr. K. C.
Roy, Rai Bahadur Tarit Bhusan.
Ruthnaswamy, Mr. M.
Sarda, Rai Sahib Harbilas.
Sarfaraz Hussain, Khan, Khan
Bahadur.
Shafee, Maulvi Muhammad.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganaganand.
Vishindas, Mr. Harchandraf.

NOES—53.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Qaiyum, Nawab Su Sahibzada.
 Ahmed, Mr. K.
 Akram Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ariff, Mr. Yacoub C.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayyangar, Mr. V. K. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopalaswami.
 Bhere, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Chalmers, Mr. T. A.
 Coatman, Mr. J.
 Cocke, Mr. H. G.
 Dalal, Sir Bomanji.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 Ghazanfar Ali Khan, Raja.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haigh, Mr. P. B.
 Hezlett, Mr. J.
 Howell, Mr. E. B.

Innes, The Honourable Sir Charles.
 Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Risaldar-Major
 and Honorary Captain.
 Keane, Mr. M.
 Khin Maung, U.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Macphail, The Revd. Dr. E. M.
 Mitra, The Honourable Sir Bhupendra-
 Nath.
 Moore, Mr. Arthur.
 Muddiman, The Honourable Sir
 Alexander.
 Nasir-ud-din Ahmad, Khan Bahadur.
 Natiq, Maulvi A. H.
 Paddison, Sir George.
 Parsons, Mr. A. A. L.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. H. Shankar.
 Roy, Sir Ganen.
 Sassoan, Sir Victor.
 Singh, Rai Bahadur S. N.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Young, Mr. G. M.
 Zulfiqar Ali Khan, Nawab Sir.

Mr. President: The result of the voting is:

Ayes: 53,

Noes: 53. (Applause.)

Following the practice adopted in the House of Commons in such cases, the Chair gives its casting vote as the guardian of the *status quo* and declares the amendment of Mr. Rangaswami Iyengar carried.

(Applause.)

The motion was adopted.

Mr. Mukhtar Singh: Sir, I beg to move:

“That in Part II of Schedule II to the Bill amendment No. 2 be omitted.”

The consequence of the amendment will be that the export duty on tea will remain as it is. In this unfortunate country both the levying and abolishing of the import and export duties work up to the injury of the indigenous industries of the country. We have seen, Sir, only just now that there was the question of the duty on hides under consideration and we felt very strongly that the duty on hides was being abolished to the detriment of the tanning industry of the country. There are only three items on which there is an export duty. By abolishing duties on tea and hides there would remain the export duty on rice. If the Government is going to be led by the question of principle only, may I ask why it is that the abolition of the duty on rice is not proposed? Only the other day we were told by the Honourable Member from Burma that this export duty is very hardly felt by the people of Burma. We were told, Sir, that the Fiscal Commission has not recommended the abolition of the duty on rice. Referring to the

[Mr. Mukhtar Singh.]

Fiscal Commission's observation on page 107 we find that they did not recommend the abolition of this duty on rice because nobody had appeared and objected. The country knows very well that in 1920-21 all the activities of the Government were practically boycotted and therefore, Sir, if nobody appeared and objected, was it not the duty of the Fiscal Commission to inquire the reasons why a distinction of this broad principle was necessary in the case of rice. This shows that we are not caring for any industry which does not concern the British people. In the case of hides, Sir, I was unfortunately not allowed to speak, but a reference to the figures will clearly show that it is the United Kingdom from which the largest amount of imports in boots and shoes and other leather goods come to this country. Sir, we know that the tea planters are generally Englishmen and many a time complaints have been made in this House against the tea planters, but still rice does not find a place for the abolition of the duty, while tea gets that favour. If we refer to the figures we find that the total amount of tea exported from India is 32,57,88,055 pounds. Out of this more than 25 crores of pounds are exported to the United Kingdom alone. This clearly shows, Sir, from what motives we are recommending the abolition of the export duty on tea. I would submit, Sir, that in every case the question of British preference should not come in. We have now from economic reasons reduced the duty on salt, and there will be a very great amount of deficit in the Budget on account of this reduction; and as the Honourable the Finance Member told us there will be no contributions given to the Provinces, on account of this reduction. Therefore, this is just the time when the Government should accept our proposal that the abolition of the export duty should not take place. I might have accepted the abolition of the export duty on tea if the Government had recommended the abolition of the duty on rice as well, so that the principle would have been maintained throughout. If they are not going to help an agricultural industry, then certainly, Sir, for an industry which I would call a luxury-producing industry I have no sympathy, and therefore I recommend to the House that my amendment should be supported.

Pandit Dwarka Prasad Misra: Sir, cultivation of tea is the one industry which has been most favoured by the British Government at the expense of the Indian tax-payer and I propose to prove this to the entire satisfaction of this House. The importance that is attached to this industry by the Government will be evident from some remarks in a Financial Statement of the Right Honourable James Wilson. Speaking in 1860 he said:

"There is an article which is engaging, and justly so, much interest—the cultivation of tea. The experiment made by Government at great cost in introducing it as an article of cultivation in the highlands has been eminently successful, so much so, that steps are being taken to hand it over to private enterprise. It is one of the few means we have in India of attracting European capital and European settlers. We ought to extend to it every encouragement in our power, and it certainly seems in the highest degree inconsistent that we should be spending public money to encourage the cultivation of this plant and then placing an export duty on this article at all our ports."

From this it is perfectly clear that the industry was introduced into this country to encourage European capital and European settlers. Since then many favours have been showered upon it by the Government. The cultivation was encouraged by a research department maintained at the public

cost. The labour was supplied to it by means of legislation which reduced the status of the labourer to the position of a slave. When the License tax was imposed tea planters were exempted from it by Executive Orders and subsequently when the Income-tax Act came into force they were similarly exempted from income-tax also. From all this, Sir, it is but proper to conclude that the Government have all along tried somehow or other to benefit the tea planters.

It was in the year 1916-17 that the present export duty was imposed. The planters raised a hue and cry. The depression that overtook the industry in the year 1920-21 was taken full advantage of by them and they compelled the Legislative Assembly to go into the whole question in the very first year of its existence. But, Sir, as was the case in the matter of the depression of trade in raw hides, the causes that led to the misfortune had nothing to do with the export duty. First of all, Sir, the trouble was caused by the greed of the tea planters themselves. They indulged in intensive cultivation and produced inferior grades which did not suit the taste of the importing countries. Another reason was that the United Kingdom was overstocked. Yet another reason was the high rate of exchange. Then, Sir, Russia which used to buy much of our tea failed to buy as much as she used to do owing to her chaotic condition. All these things together were responsible for the depression of trade in the year 1920-21 and the export duty had absolutely no share in the matter. Then, Sir, I oppose the abolition of the export duty for the following other reasons: first of all the land tax paid by the cultivators is sufficiently low as compared with the land tax paid by those who raise other crops. The Taxation Inquiry Committee says:

"In Assam tea gardens are held on leasehold tenure for long terms at low rates of assessment. After the expiration of the term of the lease, the land is liable to be assessed under the laws in force, provided that no portion of it shall"—

—mark these words—

"at anytime be assessed at a rate higher than that payable on the most highly assessed lands in the district cultivated with any ordinary agricultural crop."

Sir Walter Willson: What paragraph?

Pandit Dwarka Prasad Misra: Paragraph 71. Then, Sir, the produce per acre is also unexpectedly good. The other day I tried to inquire from Mr. Chalmers, our tea planter friend in this House, and he told me that the yield per acre was from 4 maunds to 12 maunds. Of course he was careful enough to inquire which side I was going to support; but all the same he was too kind to withhold the information. Then, Sir, I must point out that the prices also are unusually high at present. They are as follows:

Year	Price.
	A. P.
1889-90	8 2
1918-19	8 9
1919-20	8 8
1920-21	6 10
1921-22	9 3
1922-23	12 3
1923-24	14 11
1924-25	15 9

[Pandit Dwarka Prasad Misra.]

From all this, Sir, it is abundantly clear that the industry is very prosperous and that the planters are reaping huge profits at present.

The question of export depression may be raised, but I submit that the depression might have been there in 1920-21, but by now it has altogether disappeared. The evidence of the Taxation Enquiry Committee cannot be ignored by the Government on this point. The Report says:

"The export duty on tea resembles that on rice in that India is only one of several exporting countries and that its principal competitor, Ceylon, also levies an export duty, which is at present double the Indian rate. The Fiscal Commission advised the abolition of the Indian export duty on the ground that India was not in a position to impose her terms on the world and that evidence existed that Java tea was displacing Indian tea, especially in Australia. The course of events since the Fiscal Commission reported gives reason to doubt whether the export duty is actually having the effect which they feared. A comparison of the trade statistics for the three years ending 1913-14 with those for the last three years shows that India has increased her share of the world trade from 39 to 49 per cent., and though Java has increased her share from 8 to 12 per cent., her progress has been made at the expense of China and not of India. The consumption of any particular variety of tea is largely a matter of taste and normally does not depend entirely upon comparative cost. To some extent the effect of the duty is mitigated by the preference, amounting to two-thirds of a penny a pound, which Indian tea enjoys in England, its principal market."

Further, Sir, I will quote from our Publicity Officer who says in "India in 1925-26,"—the last Report that only the other day came to our hands:

"The total exports of tea during 1924-25 amounted to 340 million pounds valued at Rs. 33½ crores. The total quantity of tea shipped rose by less than half per cent. over the quantity shipped during the preceding year, but the increase in value was over 5 per cent. Nearly 88 per cent. of the total quantity shipped went to the United Kingdom, from which 36 million lbs. were re-exported to the Irish Free State, the Continent of Europe and the United States of America and Canada. There was a vigorous and optimistic advertising campaign in the United States of America and that country's consumption of Indian tea was somewhat greater in the year under review than in either of the preceding years."

From this, Sir, as I have said, it will be quite clear that the tea industry is in a very good position.

Now, Sir, I have one definite charge to make against the Honourable the Finance Member and it is that he has mixed up the question of income-tax on the tea profits with the question of the abolition of the export duty. I submit, Sir, that the two questions must stand on their own merits. I have already stated that the profits of the tea planters were exempted from the License tax and the Income-tax. It was only in the year 1920, so late as that, Sir, that the Calcutta High Court decided that at least some portion of the income of the tea planters was derived from a non-agricultural source, and that therefore that portion must be liable to assessment to income-tax. But even this, Sir, did not do sufficient justice to the Indian tax-payer, and this will be clear from the speech of the Honourable the Finance Member himself. This is what the Honourable the Finance Member has to say:

"The tea companies are now assessed to income-tax on 25 per cent. only of their total profits, the balance being regarded as agricultural income and therefore not liable to income-tax. The promotion of 25 per cent. was based on imperfect data and later inquiries showed that the non-agricultural produce of the tea companies amount to at least,"

—mark the words—

"50 per cent. of the whole."

Now, my submission is that even this is doing injustice to us and that the percentage of non-agricultural income must be nearly 75 per cent., though the Finance Member said that even the assessment to 50 per cent. has upset the tea planters, and, I am afraid, they have perhaps represented their case to him in this matter. Another point, Sir, that I want to bring to the notice of this House is this. Sir Basil knows that in the year of grace 1927 it is impossible to deceive the Indian tax-payer to that extent, and therefore he is compelled to assess these tea companies to some extent. But in doing so he is very nervous, and he does not want to wound the feelings of the tea planters. This can be seen from the following remarks which he made in the course of his Financial Statement :

"The Government, therefore, propose that the export duty on tea should be abolished and that the tea companies should in future be assessed to income-tax at 50 per cent. of their total net income."

Now he is trying to compensate them by the abolition of the export duty for the loss they are to suffer by being assessed to income-tax. He further says :

"The export duty on tea brings in approximately 50 lakhs a year. Our finances clearly do not permit of its abolition unless we can find some means of compensating ourselves for the loss involved. Fortunately we are in a position to make a proposal which will secure the disappearance of the export duty on tea with no ultimate loss to the revenue, and at the same time offer definite advantages to the producers of tea."

From this it is quite clear that the Finance Member is very anxious to keep the tea planters pleased. As I have said before, the question of assessment to income-tax of the profits of the tea planters should be judged and decided on its own merits, and it ought not to be allowed to be mixed up with the question of the abolition of the export duty. There are so many Indian merchants, who have to pay income-tax and, Sir,

5 P.M. the House knows as well as I do that the Honourable the Finance Member has never tried to compensate them for their being heavily assessed to income-tax by abolishing one duty or other. I repeat that the British Government have always encouraged the tea planters in not contributing their quota to public expenditure and to-day, Sir, I submit that the Finance Member is doing a grave injustice to us. I therefore strongly appeal to this House to see that in this matter justice is done to the poor Indian tax-payer and that the duty is not abolished.

The Honourable Sir Basil Blackett: Sir, I should like to begin by protesting (*Pandit Dwarka Prasad Misra*: "I knew you would") very strongly against the speech of the last Honourable Member. He has filled it with charges and insinuations and suggestions of motive which are absolutely unfounded, for which he has no foundation, and I think that, when he has been a little longer in this House, he will realise that that sort of thing does not go down. I think the House ought to express its regret that a subject of this sort has been introduced in that sort of speech.

Now, Sir, I come to the duty. What the Government have proposed is that the export duty on tea should be abolished. There is no doubt that a very considerable part and probably the whole of the export duty on tea is paid by the producers of tea in India and very little, if any of it, is passed on to the purchaser. In that it differs absolutely from jute and I think absolutely from rice. There is also no doubt that so long as Ceylon maintains her export duty, the effect of the abolition of the export duty in India will be to retain for the producer in India the whole of the

[Sir Basil Blackett.]

value of the remitted duty. That will go to the producers in India. The last Honourable Member has endeavoured to prejudice the case by insinuations in regard to the character of the planters. But I would remind him and the House that (1) there are a large number of Indian planters concerned, and (2) even if it is true that some of the money will go into the pockets of European producers in India, it will be an increase in the value of the exports of India and greatly to the advantage of India thereby. The reason why the Government have brought forward this proposal is that they were quite unable in this year to suggest means for replacing all the export duties and in the case of jute and rice there are characteristics of monopoly which have the effect of making those export duties to a large extent if not entirely paid by the purchaser, that is paid by our customers abroad, not by the producers in this country. That is clearly not so in the case of the tea export duty, but even so, we could not have afforded 50 lakhs—(An Honourable Member: "Not so in the case of tea?")—certainly not in the case of tea, we could not have afforded a 50 lakhs reduction. But the agreement we had made with tea companies and tea producers some years ago in the matter of income-tax, clearly in the opinion of the Finance Department gave insufficient weight to the non-agricultural portion of the profits in the production of tea. We were under considerable obligations to those companies for the agreement that was reached in 1922 and we had undertaken that that agreement should have something approaching the force of law and should not be altered except in the same way, by something analogous to an Act of the Indian Legislature. But here was an opportunity. The tea export duty is admitted by all to be bad in principle. It does not protect anybody and it has none of the virtues of the hides duty in regard to which I desire to express my thanks to you for the present of 9 lakhs which you have just given me. I trust, Sir, you will not claim any large portion of it. But to come back to the tea duty, it does not protect anybody. There are no interests opposed to the abolition of that duty other than the interests of the Finance Department of the Government of India and central revenues. Now, we can by this combination compensate ourselves—not the tea companies—for abolishing the tea duty by obtaining an equivalent which may be slightly less or may be slightly more than the full amount of the tea duty

Mr. A. Rangaswami Iyengar: May I know, Sir, if that matter will come before the Assembly?

The Honourable Sir Basil Blackett: That matter is entirely within the powers of the Finance Department as at present. The powers exist under the Act for charging the tea companies on the full amount of their non-agricultural profits.

Mr. A. Rangaswami Iyengar: Then why was the Resolution put down?

The Honourable Sir Basil Blackett: I explained to the Honourable Member that my reason for putting the Resolution down was that we had entered into an undertaking, an agreement, with the tea companies that we would give our arrangement about the 25 per cent. something equivalent to the force of an Act of this Legislature, and it seemed to us that the best way of implementing that promise was to bring the question in the form of a Resolution before this House. But we find that the tea companies are perfectly prepared on condition of the abolition of the export duty to recognise that a new situation will have arisen and that it is open to the Government to ask that the agreement of 1922 shall be revised and

that it shall be open to the Government to obtain the full amount due to the tax-payer in respect of non-agricultural profits . . .

Mr. A. Rangaswami Iyengar: And that the Legislature may be ignored.

The Honourable Sir Basil Blackett: There is no question of ignoring the Legislature. The Government as in duty bound are carrying out the directions of the Legislature in this matter. It is that they should collect the full amount of tax due. We have still to come to some arrangement with the tea companies and the tea producers generally to see what exactly will be the most convenient way of carrying out the duty of the Government to collect the full amount of tax on the non-agricultural profits, whether it will be desirable to substitute a new rule for the existing rule or whether it will be desirable to leave the matter to be settled between the assessee and the Income-tax Department in the various cases that will arise remains to be seen, and it is obviously undesirable that we should commit ourselves at the present moment to a rule of thumb of 50 per cent. in place of the existing rule of thumb of 25 per cent., if that rule of thumb was not accepted as applicable in all cases by the tea companies, especially as we realise that we might be committing ourselves not to collect the full amount as we are now trying to do. So that, I think that the Government is in a much better position if it chooses another means to do it instead of asking this House to commit ourselves and itself to a cut and dried Resolution on this subject. If it is clearly understood that with the change in the situation that will follow from the abolition of the tea export duty Government are free to collect the full amount of income-tax due on non-agricultural profits, duly ascertained in the ordinary way and by the application of the ordinary law, the result of that will, we are confident, be that there will be no loss or hardly any loss and possibly some profit to the Finance Department. It is too soon to make an absolutely definite statement on that matter. But we shall, I think, by the acceptance of this proposal at once have got rid of a duty which is wrong in principle and a charge on the producer in India and have got rid of an obligation which was entered into on insufficient data which tied the hands of the Income-tax authority in the matter of the collection of duty on the non-agricultural portion of the profits of the tea companies. I submit that the proposal is entirely in the interests of the people of India and of every one concerned and that I am fully justified in the protest that I have made at the beginning of the speech that this proposal should have been made the occasion of a charge of what is really a complete breach of faith by the Finance Member in regard to his duties as Finance Member of the Government of India, duties for which he is paid by India, simply because we have brought forward a proposal which is in the interests, I think, of every one concerned and greatly improves the situation of the Central finances in regard to the tea companies as well as improving the position of the tea companies in the event, which we hope will not happen, of a slump in the tea trade when they would be obliged to pay export duty on all the tea that is exported instead of as now paying income-tax on their profits. Sir, I oppose the amendment.

Mr. Mukhtar Singh: May I be allowed to put a question to the Honourable the Finance Member? May I know what is the proportion of agricultural and non-agricultural profits in the case of sugar producing companies? If there is a sugar producing company, will that company be allowed any concession in assessing income-tax for the agricultural profits made by that company?

The Honourable Sir Basil Blackett: I am sure that that question does not arise, but I should like to answer it. The position is that in the case of sugar there are certain rulings of the High Court which are, I believe, simple enough in application, which lay down at what point sugar ceases to be an agricultural product and becomes a manufactured product, and under the law, as it stands at present, the Government of India is entitled to collect income-tax on profits due to manufacture but not on profits due to agriculture. It is exactly the same proposal that the Government of India propose to apply, in fact, are under an obligation to apply, in the case of tea.

Several Honourable Members: Let the question be now put.

(Some Honourable Members rose in their places to address the House.)

Mr. President: I think Honourable Members are anxious to conclude this debate now. If Honourable Members wish to continue, the Chair is not prepared to accept closure.

Pandit Nilakantha Das: We should like to continue.

Mr. President: Pandit Nilakantha Das.

Pandit Nilakantha Das: Sir, first of all, I should like to protest that my Honourable friend, Mr. Misra, was charged with insinuating, whereas what he did was that he simply quoted from books to show to the House that tea planters formerly used to receive some kind of patronage from Government. That is what he meant . . .

The Honourable Sir Basil Blackett: I should like to interrupt my Honourable friend. What the Honourable Member said was that the sole reason why this proposal was introduced was because Government wanted to help the tea planters because they were British.

Pandit Nilakantha Das: I suppose he read portions from books to support what he said and he meant that there was the idea of some patronage being shown to tea planters.

Now, the Honourable the Finance Member said that there are also Indian planters. Yes, there are. It is on account of these Indian planters that I am pointing out that this income-tax is going to be raised from 25 per cent to 50 per cent. British tea planters or let me say—I shall make no racial discrimination—the big tea planters have their tea growing department as well as the manufacturing department. Therefore it was quite probable that one could be very easily deceived or could not know what was the proper proportion of the agricultural produce to the manufactured produce.

Now the Indian planters are small planters. Many of them, as far as I know, have not got a manufacturing department. (*An Honourable Member:* "No.") These small growers sell their raw leaves to the manufacturing planters. And when the sale price of manufactured tea is known, the difference was easily found out and the proportion was easy to be fixed; it was found that more than 50 per cent. would be taxed. The manufactured portion of the tea produced by tea planters should be taxed and it should be at least 50 per cent. We have no objection to putting income-tax at least up to 50 per cent. of their income. (*An Honourable Member:* "75 per cent.") I say at least 50 per cent. It does not look straightforward or expedient for the Finance Member just to remove the export duty on tea when he finds either from the

Report of the Cess Committee or some other report that income-tax on planters would be increased, when he came to know that their non-agricultural produce counts for more than 25 per cent. Now, what will be the effect? This income-tax will be at once transferred from the pockets of the foreign consumer as export duty to the pockets of the Indian consumer as increased price specially due to income-tax. These people who are going to pay enhanced tax will raise the price and that money will be paid by the Indian consumer.

My Honourable friend Sir Basil Blackett has also contended that tea is not a monopoly of India like rice and jute. It is not a monopoly, but I maintain and the Taxation Enquiry Committee say that it is a semi-monopoly at any rate. Tea being an article which is used for its quality and flavour, it does not matter whether it is a complete monopoly or not. So it is said by the Taxation Committee and they are an expert body. It has been proved by them like this. From 39 per cent. Indian export has gone up to 49 per cent. The apprehension of the Fiscal Commission that in Australia Java is ousting the Indian tea is not a fact. They have said it clearly. Indian tea has a special quality and special flavour for which Australians and others want it, and the 4 per cent. that Java has gained is at the expense of the inferior tea which used to come from China. As for Indian tea it has not suffered and cannot easily suffer from Java. We have another rival, namely, Ceylon. Ceylon has an export duty which is double the amount we have got and there is no reason why at this time, just when the Government is perhaps being forced somehow or other to be equitable, to levy a duty of 50 per cent. on the produce of the tea planter or tea producer, just at the same time it will be thought of abolishing the export duty on tea. It will be rather inexpedient now to abolish the export duty. At least I contend both these measures of taxing and abolishing might have come at different times and on different occasions. This is a bad policy. This will only mean, as I have said, that the tax proposed will readily be taken from the pockets of the Indian consumer. Prices will remain all the same. The internal prices will never remain the same, for the planters will have a chance of perceiving directly that they are going to pay more. This will have another serious effect, too. The small planters, the Indian producers perhaps that have not the means of manufacturing, raw tea leaves being a perishable commodity, *i.e.*, an article which cannot be kept for a long time, will simply sell their produce at the price dictated by the tea planters who are going to pay a higher income-tax. Thus the loss of revenue will not only not give relief to our people, but is detrimental to their interests. On these grounds, I say, Sir, that this amendment should be supported, and I support it. (*Honourable Members*: "I move that the question be now put.")

Mr. President: The question is:

"That in Part II of Schedule II to the Bill amendment No. 2 be omitted."

The motion was negatived.

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

Mr. President: The question is:

"That Schedule III to the Bill do stand part of the Bill."

I propose to take amendment No. 68 first, then amendment No. 20, and then amendment No. 21. *Mr. Mukhtar Singh.*

Mr. Mukhtar Singh: Sir, I beg to move:

"That in Part IA of Schedule III to the Bill the words 'Hindu undivided family' be omitted."

I consider, Sir, that nothing has injured more the system of Hindu undivided families than this rule of assessment of income-tax. The joint Hindu family, Sir, is a custom of very old days, and on account of this income-tax law being enforced, Hindu undivided families are dividing amongst themselves. I admit, Sir, that there are blessings and there are misfortunes that have to be shared by the members of a joint Hindu family. But at any rate, Sir, when there is a presumption of the Hindu law that every family is a joint Hindu family, I cannot understand why the Hindu family is to be forced to divide on account of income-tax. The position is this, Sir. Suppose there are five brothers, everyone earning say Rs. 1,000 a year. None of them earns an income which can be taxed, but as soon as the whole family is taken together, they are forced to pay an income-tax on Rs. 5,000. If they happen to be Muhammadans, if they happen to be Christians, then in that case every individual is to be taken separately. I would submit, Sir, that there should be no distinction on this point, and that the words "Hindu undivided family" should be deleted. With these few words, I beg to submit that my amendment should be carried.

The Honourable Sir Basil Blackett: Sir, this small amendment will cost Rs. 90 lakhs! I suggest the Honourable Member should withdraw it.

Mr. President: The question is:

"That in Part IA of Schedule III to the Bill the words 'Hindu undivided family' be omitted."

The motion was negatived.

Mr. T. Prakasam: Sir, I move:

"That in Schedule III to the Bill for Part I the following be substituted:

'PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is less than Rs. 2,000 ...	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000 ...	Three pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000 ...	Four pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000 ...	Seven pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000 ...	Ten pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000 ...	One anna and one pie in the rupee.
(7) When the total income is Rs. 40,000 or upwards ...	One anna and four pies in the rupee.

B. In the case of every company and registered firm, whatever its total income ...

One anna and four pies in the rupee."

Sir, the income-tax is a tax that is supposed to be levied from those who are in a position to pay the amount. The basis of assessment is the income of the previous year. Every care is taken to levy the tax on the profits ascertained or supposed to have been ascertained, but no provision is made with regard to the losses against profits of subsequent years. In England there was a Royal Commission

[At this stage Mr. A. Rangaswami Iyengar sat in the seat of the Honourable the Finance Member. (Applause.) Sir Basil Blackett then sat in a seat at the back. (Applause.)]

Sir Darcy Lindsay (Bengal: European): May I ask the new Finance Member what this proposed reduction will cost to the country?

Mr. President: The Honourable Member will explain later.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhamad-an Rural): I hope the Honourable Member has calculated what will be the cost and will tell us the figure.

Mr. President: That question need not trouble Honourable Members. Let the House proceed to discuss the question on its merits.

Mr. T. Prakasam: I am much obliged to you, Sir, for the answer you gave. I was submitting that the Royal Commission in England made a recommendation as to how protection could be given with regard to losses. They laid down that if the assessment was on the basis of the income of the previous year, the loss might be set off for a period of 6 years. There is no provision made for this anywhere either in the Act or in the Rules. That is one of the points on which I take exception to the income-tax and ask for a reduction. I may also submit to the Honourable Members of this House that this tax has been an oppressive one wherever it has been levied arbitrarily without accepting the accounts produced before the Income-tax Collectors. Objections were taken on one ground or another, repudiating the genuineness of the accounts, putting the assesses to lots of trouble. I have known in this country, as well as in Burma, what a terror the Income-tax Officer has become, his very name, his very appearance anywhere in the neighbourhood frightens people. (Laughter.) It is a matter no doubt for laughter, so far as the Finance Member is concerned, because the administration from the bottom up to the top, excluding just the topmost portion alone, is Indian. The officers whom the Finance Member employs are Indians and it is these gentlemen who do the whole business, and I submit the feeling amongst those who pay the tax is that their accounts are not accepted generally, that whenever they produce their accounts, they are looked upon with suspicion. That is the real difficulty. So long as the law is in force no one should object to pay on the income ascertained; but even if it is not ascertained still it is levied. There is one class of persons from whom the tax is levied in this way. There are those whose income is shown in the accounts by way of book entries only. The money is not realised and there would be no prospect of realising it, yet upon that amount the tax is levied

Maulvi Muhammad Yakub: Does the Honourable Member propose that Indians should not be appointed in the Income-tax Department?

Mr. T. Prakasam: I am sorry I have given occasion for this observation from my Honourable friend. Certainly not. I would rather suffer at the hands of Indians much more readily even if they should be committing

[Mr. T. Prakasam.]

errors without knowing it, without knowing they were injuring the country. So, Sir, I submit this tax must be reduced to the scale I have given. I move this amendment.

The Honourable Sir Basil Blackett: Sir, I do not think anybody can even look at a proposal for reduction of income-tax without feeling his mouth water if he is a payer of income-tax. I have very considerable sympathy with those who desire to see an improvement in the scales on which our income-tax is levied, but I think it is quite clear that the time has not yet arrived when we can usefully reopen the whole question of the scales fixed for the collection of the tax. If they are reopened I would suggest that we should be able to produce a rather more even scale than the one that is here put before us. But there is also another point. The Income-tax Department is a comparatively young one and new one in this country. It has earned high commendation from a good many observers in recent years who have seen the improvement in its methods and in the effectiveness with which it collects its tax. And I do not think that it is true to say that its unpopularity is increasing, because I believe in the Punjab, for example, I have seen clear evidence that with a better understanding between the assesses and the Income-tax Department relations have improved. (*An Honourable Member:* "It is very unpopular in the Punjab"). Relations have improved. I do not suggest that the Income-tax Collector is ever the most popular person in the town, but I do suggest that there has been real improvement in the relations between the Income-tax Department and the assesses; and I should here like to pay a tribute to the devoted work of that Department in this respect—a Department which, as has been rightly said by my Honourable friend Mr. Prakasam, is very nearly entirely Indian.

The unfortunate thing about this amendment is that it would cost us about 232 lakhs. You have suggested, Sir, that I should find the money from another source. The only one that jumps quickly to my head is that we might re-impose the cotton excise duty. That would still leave us short by about 50 lakhs, but as regards the other 50 lakhs I suppose we might have a special scale of income-tax for Members of the Legislature. That would not bring in very much, but I could put a few more suggestions if I were given time at the disposal of the House.

Seriously speaking, I do not think I need demonstrate to the House that it is impossible for us to find this year 232 lakhs for the purpose of this amendment. I would add something in regard to one point Mr. Prakasam has mentioned, the inability of the income-tax authorities in all circumstances to accept accounts; I think that the time when we shall be in a position to reduce our income-tax rates will be hastened if assesses will make a habit of presenting true accounts and of realising that it is the duty of the income-tax authority to ascertain what their incomes are and not to accept an understatement from a large number of assesses. I am fairly convinced that if we were collecting all the income-tax that is legally due under the law at the present time there would possibly be enough additional revenue to meet this cut; but until that happy time arrives, and at any rate this year, I am afraid that I must reluctantly, Sir, oppose this amendment.

Mr. President: Does Mr. Prakasam wish to put his amendment to the vote of the House or does he wish to withdraw it?

Mr. T. Prakasam: No, Sir, I do not withdraw it; I leave it to you.

Mr. President: The question is :

“ That in Schedule III to the Bill for Part I the following be substituted :

‘ PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is less than Rs. 2,000 ...	<i>Nil.</i>
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000 ...	Three pies in the rupee,
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000 ...	Four pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000 ...	Seven pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000 ...	Ten pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000 ...	One anna and one pie in the rupee.
(7) When the total income is Rs. 40,000 or upwards ...	One anna and four pies in the rupee.

B. In the case of every company and registered firm; whatever its total income ... One anna and four pies in the rupee.”

The motion was negatived.

Mr. T. Prakasam: Sir, I move :

“ That Part II of Schedule III to the Bill be omitted.”

This Part II relates to super-tax. The super-tax was levied in 1917.

Mr. B. Das: It is levied on the rich classes; why do you oppose it?

Mr. T. Prakasam: My friend says that it is levied on the rich people and why do I oppose it? I oppose it because on principle it is a tax that should have been abolished soon after the exigency for levying it had ceased to exist. That is the principle. It was levied, Sir, not only in this country but in other countries also. It was levied in England as a war measure and it was abolished.

The Honourable Sir Basil Blackett: No.

Mr. T. Prakasam: It is not there now. I say that there is no reason for continuance of this tax merely because it is a tax that is levied on the rich people or merely because it is levied from Englishmen or English firms who are doing business here. It does not matter in the least from whom it is levied. Is there any justification for the collection of this tax, for the continuance of this tax, merely because there are rich men? Is it to be said that a tax which has no justification should be continued as against them? I submit, Sir, there is absolutely no reason for the continuance of this tax merely because the people who happen to pay are rich men or people who are not Indians, who are carrying on business here with their capital.

The Honourable Sir Basil Blackett: Sir, I find it difficult to understand just what the mentality of the Mover of this motion is in regard to this matter. He says that there is no particular reason why this tax should be continued to be levied. It brings in—or rather it did in 1925-26—Rs. 7,62,688,790. It was not imposed as an emergency measure, nor was it intended to be a temporary expedient. It is certainly not true that the super-tax was imposed in England for war purposes because it was imposed before the War; nor is it true that the super-tax in England has been abolished since the War, because, as Sir Victor Sassoon was just about to tell us, it still continues. But what seriously is the point of view of the Honourable Member who has moved this amendment? He says that there is no reason, now the emergency is over, to continue this tax. Does he realise that one of the effects of the War has been to increase all prices by something like 50 per cent.? We need 50 per cent. more at least to pay for the same services that we were paying for before the War. This incidentally is the answer to a point made by Mr. Aney this morning with reference to the question of the Post Office. Postal rates before the War were dependent to a very large extent on the fact of low cost of living and the low index number. The cost of living and the index number were both going up before the War and since then they have gone up very largely and to say that the emergency has gone by, when prices are at least 50 per cent. higher than they were before the War, is really an argument which I think on consideration Mr. Aney at any rate will recognise as not entirely valid. But the Honourable Member who has moved this amendment seems to think that the Government can carry on in the absence of income altogether. It would be a very happy state of affairs: I do not quite know whether it is equally happy that Government should try to carry on in the absence of expenditure . . .

Mr. T. Prakasam: Before 1860 Government was carried on without any income-tax.

The Honourable Sir Basil Blackett: Before the Magna Charta Government was carried on without any Parliament. We are improving on both these arrangements even in India. Sir, I oppose the motion.

Sir Victor Sassoon (Bombay Millowners Association: Indian Commerce): Sir, I do feel, although I am one of those unfortunate beings that have to pay super-tax, that the Finance Member is right in objecting to this amendment for the abolition of all super-tax. But there is one of the various items down here where, I think, a case might have been made out for abolition, and that is the case of super-tax on companies. When these companies pay their dividends, the individuals who receive those dividends will of course be liable to pay the ordinary rates of super-tax, but to make a company pay super-tax is, I think, a mistake, and where my Honourable friend Mr. Prakasam was probably a little at sea was when he referred to what happened in England. What did happen in England was that there was during the war a super-tax on companies, a corporation tax, which now no longer exists. There is one very good reason why we should be very pleased if the Finance Member could see his way to give up this tax, and that is, that the fact that you have a super-tax on companies and the fact that this tax can become a double tax where one company holds shares in another company means in effect that you have not got companies in this country which are very useful and which are known as Trust Companies. A Trust Company at Home holds shares

in various other companies including Government paper and so on. These Trust companies perform a very useful duty, because an investor investing in such companies knows that his investment is spread over a number of various classes of securities. He does not have to say "I will invest so much of my money in Government paper, so much in debentures and so much in ordinary shares". He knows that that will be done by a Board of Directors who understand the movements of companies much better than he does. But the reason why he will not invest in a company in this country is that in every case, where the original company's shares are held by the Trust Companies, that company pays the anna in the rupee as super-tax, and again on that same dividend the Trust Company pays another anna in the rupee. I think, therefore, it will be very advantageous for instilling thrift in this country if that tax were abolished as is the case in England, and I do put that forward to the Finance Member in the hope that he will give it his serious consideration.

Mr. President: The question is:

"That Part II of Schedule III to the Bill be omitted."

The motion was negatived.

Schedule III was added to the Bill.

Clauses 3, 4, 5, 6 and 7 were 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 rise to move that the Bill, as amended, be passed.

I do not propose to trespass on the indulgence of the House which has had a hard and long day and has made good progress on which, I am sure, Sir, you will be able to congratulate us as you did yesterday. But I have to say just one thing in regard to the effect of the amendments that have been carried. When the proposal to reduce the salt tax to 10 annas a maund was under discussion yesterday, I stated that the cost would be 312 lakhs. That, Sir, was an estimate of the total cost in a full year of the reduction of the salt duty to that figure. The recurrent cost will be approximately 312 lakhs. But to a certain extent salt is issued on credit and there is a certain amount of salt which has been issued on credit since the 1st of October 1926, which will be due to be paid for during the first half of 1927-28 on which we shall receive the higher tax, assuming that the duty is reduced to 10 annas. I have not had time to make any close calculation of what that would be, but I think that the House may take it that the total cost would be something under 3 crores, how much I am not in a position to say, but not a very great deal. In addition to that loss, Sir, I have gained on the roundabouts, not as much as the loss on the swings, but a sum of about 9 lakhs, with powerful aid from an unexpected quarter. The net result is that, instead of a surplus of 364 lakhs, which was the figure in the budget speech, we have a surplus of something rather under a crore. I cannot give the exact figure because I have not got details as to the credit sales of salt. We have at present a surplus of something under a crore. Obviously, if that decision stands, our whole proposals in regard to provincial contributions require complete reconsideration. We shall have less than a crore of surplus, probably less than a crore of surplus, and Sir, only about half a crore of recurrent surplus because part of the proceeds of the salt tax will be non-recurrent and

[Sir Basil Blackett.]

the loss of the salt tax will be greater a year later. We are, therefore, not in a position clearly to do more in the nature of permanent reduction of the provincial contributions than at the most about a crore. In those circumstances, the proposal of the Government of India specially to apply the realised surplus of 1926-27 obviously is no longer justified by the special reason which made the Government put it forward, namely, that it enabled them to make a clean sweep of the provincial contributions this year. I do not propose, therefore, Sir, at present to move the Demand for a Supplementary Grant dealing with the realised surplus of this year, if the position remains as it is at present. In that event I think that it will be unnecessary to move that grant. It has however been brought to my notice from many quarters in this House and elsewhere that a *locus poenitentiae* is desired by at any rate a considerable proportion of those who voted for the reduction of the salt duty yesterday. (*Cries of "No, no."*) I quite understand my friend from Bihar and Orissa feeling that he has led the rest of the Assembly by the nose because he has no interest whatever in provincial contributions and he has done his best for his constituency, but I doubt if my friend Lala Lajpat Rai will be able to persuade the Punjab electorate that he has no responsibility for his action yesterday. I doubt if all the Members from Bombay, Mr. Jayakar, for example, is entirely happy in the position in which he has placed the Bombay Government and possibly there are even Members from Bengal who do not like the idea of their contribution being started again next year. In view of these difficulties, and of the natural desire of some Madras Members to stay over next week so as not to face their constituents in Madras it is probable that an opportunity may arise, but that depends on the action taken in another place—for reconsideration of this matter at a later stage. I have nothing more, Sir, to say in regard to that point and I now proceed to move that this Bill be passed, as amended.

Mr. President: Motion moved:

"That the Bill, as amended, be now passed."

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I rise to oppose this motion, and in doing so, at the very outset I take my stand on the well-known principle "No taxation without representation". (Laughter on Government Benches.) Sir, I find the official Members laughing away (*An Honourable Member: "And running away."*) when I refer to the maxim "No taxation without representation". I also see the official benches emptying themselves, Sir Alexander Muddiman, the Home Member, leading in the walk-out. This shows, Sir, that the Leader of the House is very much frightened by the phrase "No taxation without representation". But behind it is a very important message for the people of this country. Behind that phrase is a very tremendous feeling which is of no small consequence in this country. That feeling, Sir, was given expression to in this House and outside this House. That feeling, Sir, was given expression to when there was an India-wide movement of non-co-operation whose immediate objective was non-payment of taxes with a view to bring this Government down on its knees. Sir, if the movement has for a while subsided, it should not be imagined by the Government that a movement of that kind cannot come into existence again. (Laughter.) (At this stage the Honourable Sir Alexander Muddiman came back into the House.) Sir, I am glad

that the Honourable the Home Member has come back at a rather appropriate part of my speech. (Laughter.) I was referring to the going down of the non-co-operation movement and the Honourable Member has cheerfully come forward and I am telling him that if the movement has gone down for a while, it should not be imagined that the people will not rise once again and fight the attitude that the Government have been taking. Sir, the Government have been taking an attitude which cannot be described in words which I should use in this House. I believe the other day the Honourable the Home Member did not like a particular phrase that I used. I do not want to use that phrase, for I know phrases cannot describe the attitude that the Government have taken towards the repeated demands which have been put by the people from this side of the House. The Honourable Member was not the Home Member then. He was the President of "the other place" when the Swarajists came to this House and presented the national demand. That demand, Sir, had the support of every section of the people in this House. That demand was supported even by my friend Diwan Bahadur Rangachariar. That demand was for a Round Table Conference. Later on we presented another national demand. That demand went into details. We said, "Give us so much so far as the provinces are concerned." We said, "Give us so much so far as the Central Government is concerned." And we conceded—very wrongly in my opinion as I said at that time—we conceded that Foreign Affairs and Army and Native States shall still continue to be under the jurisdiction of the Governor General. We were introducing a kind of dyarchy as a transitional stage in the Central Government. Sir, to this moderate proposition, the Swarajists in this House most deliberately gave their support. Lord Birkenhead from his place in the House of Lords said at the time that he was speaking not only for himself but for all sections, for all parties in England. Even so, the Leader of the Swaraj Party, which is the Congress Party to-day could truly say: that he was speaking for every section in this House and in the country as a whole.

6 P.M. The Government have not chosen to listen to what the people had to say. Every statement of Lord Reading and of his successor, of Lord Birkenhead, and of the Home Member in this House—every statement has been a bold defiant "No" to the people's wishes. We have read the speech, the latest speech of Lord Birkenhead, and that is a speech which no Secretary of State who wants to make peace with the people of India would have made. He wanted "fidelity and friendship"—"fidelity to the bond." I do not know how His Lordship can illustrate the lack of faithfulness of the political leaders. I do not know what authority Lord Birkenhead had to doubt the fidelity of the Indian people. As I have repeatedly mentioned in this House, the Swarajists, the non-co-operators, came to this House and went to the other Legislatures and took the oath of allegiance to the King of England. Was that not fidelity to the bond? Sir, Lord Birkenhead perhaps understands his own language better than we aliens. But from my humble knowledge of the English language I can say that there could not be a better demonstration of fidelity to the bond than coming to this House and taking the oath of allegiance to the King Emperor and his heirs and successors, unresponsive though they are to whatever we do. But Lord Birkenhead again asks for friendship and fidelity to the bond. What does His Lordship mean by that? What does he mean by assuming an attitude of intransigence? Non-co-operation is on the other side, co-operation on this side—call it responsive or something else. The very presence of people in this House is an act of co-operation.

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but Government have been spurning their co-operation. Then they say, they want friendship. Do they mean by friendship crawling like snakes on their stomachs? Is that the kind of friendship they want? Do they want the people to come on their bended knees before Government? Do they want that we should become—I do not want to use that phrase—bootlickers of the bureaucracy? (*Some Honourable Member*: "Shoe.") Is that what Lord Birkenhead wants? Did Honourable Members on the other side say shoelickers. (*Some Honourable Members*: "No.") Is that what they want? If that is what they want, we will have no other policy, no other alternative than to go on saying, "No, no," to the British Government. I had a conversation with Colonel Wedgewood some time before he became a Member of the British Cabinet and he was asking me why we were so unhappy and resented British rule so much. I told him, though I did not ask him to mention it in the newspapers, but still I am glad he has felt the subject important enough to mention it in the papers—I told him, "Well, Colonel, can you imagine the undergraduates of Cambridge being asked by a Commander or a Colonel to walk in the sun 14 or 15 miles with luggage on their heads?" "No", said he, "I cannot conceive of it." I said, "That is exactly what has happened in the Punjab." Students of a college in the Punjab—of the Dayanand High School or Dayanand College in the Punjab,—were asked to walk 14 or 15 miles with luggage on their heads in the hot sun and there was not one student to come forward and say "No" to the Commander. The British rule in India has been so scientifically perfect, the British rule has carried out the policy of all foreign Governments making the people too humble, making the people too polite, making the people too much co-operationist, too loyal and anemic so much so that not one student would come forward and say "No" to the British officer who ordered them to march in the sun with a view to terrorise or humiliate them. According to Lord Birkenhead, that policy must go on; we must dot the i's and cross the t's of the Government. We must accept Sir Alexander Muddiman's document giving us some kind of little phrasay alterations here and there in the Reforms and then we must take it as humble servants with great adoration, with great admiration for our "masters" and say "What shall we take from you next and when". Is that the attitude that the Government expect of us?

Sir, repeatedly we have come to this House and repeatedly we have presented the National Demand. Government know that non-co-operation is not in existence. They feared some other movement might be launched and what did they do? They put in prison the Swarajists of Bengal. When we asked for bread, I said the other day, you gave us chaff. Somebody interjected "stones". I said "serpents", the Honourable the Home Member resented the use of that expression. I do not want to repeat the expression "stinging serpents", but I would ask the Honourable the Home Member to exchange his comfortable seat in the Benches opposite to the marshes of Mandalay, to the mosquito-inhabited jails of Mandalay and then he will understand whether those mosquitoes are not stinging those poor people almost like serpents. I do not want to use an expression which would offend the Honourable the Home Member, but it is my conviction that the Honourable the Home Member does not represent the British Government in India. He represents it in his capacity as the Home Member, but I am of opinion, Sir Alexander Muddiman is too good a gentleman to

understand the awful capacities for oppression of the system of which he happens to be the head so far as this House is concerned. Sir, the statement that he made the other day regarding the Bengal internees is a statement which has been repudiated by the whole country. The newspapers in this country have very strongly condemned the attitude of the Government in regard to the political prisoners of Bengal. Certain supplementary questions were put and answers were given, but not satisfactory answers. We said "Put on trial those gentlemen whom you have put in prison; produce the documents that you have against them", but the Government would non-co-operate. They would not give us the right of even the commonest murderer, of even the worst class of dacoits. They will not give us the right to defend ourselves in a court of law. They will not give these men the right of free men. According to English jurisprudence a man who is not proved to be guilty is innocent. These men have not been proved to be guilty and therefore they are innocent. One of those men has been elected to this House—Mr. Satyendra Mitra. The power of the Government and the resources of the Government have denied him admission to this House and the opportunity to discharge his duties as a Member of this House. His constituents have elected him as a Member of this House. Government give you power with one hand, though I do not think there is much power under the Reforms Act, and they take away that power at their own will and pleasure with the other hand. That is exactly what they have done in the case of the detenu who has been elected to this Assembly. The power given to his constituents under the Montagu Act is said to be a real power and yet this gentleman cannot represent his constituency in this House. When we say "Try or release the internees", the Home Member says, "No, we shall transfer them to their villages and then keep them under surveillance"—that is to say, from a smaller prison to a bigger prison. Is this the kind of justice that the British Government are going to give to our people? Is it the kind of justice that they are going to show, and is it for this that Lord Birkenhead exclaims, "fidelity, friendship". How can there be friendship with people who are treating us as enemies? And still, slaves as we are—for, Sir, this House is nothing more and nothing less than a House of slaves (Hear, hear); we have come here and taken the oath of allegiance to the King of England and demonstrated all the friendship of which Indians and Indian representatives are capable, and that act of friendship is trampled under foot, and from his place Lord Birkenhead shakes his gory claws. (Laughter.) He is shaking his mane; that great British lion. (Laughter.) Will the Honourable the Home Member explain what more act of friendship the British bureaucracy expects of us? Does he want us to kneel before him, to kneel before the Viceroy, to kneel before Lord Birkenhead? If that is what they want, I am afraid they are asking for too much. Even a worm that is trampled can turn, yea, even a nation of trampled worms can turn; even Indians can be goaded to revolution. But, Sir, we do not want revolution, because we want to live in this country. Englishmen can clear out of this country, just as the Romans cleared out of Britain (Laughter), but we have got to live and die here, and that is why we do not want a revolution, because we know the awful consequences of a revolution. But the Government which has no sense of responsibility is goading us on to revolution.

Sir, all that Pandit Madan Mohan Malaviya urged before this House in 1924 is applicable to-day for the rejection of the Finance Bill. No better

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speech, Sir, has been delivered on this important question for many years; and, Sir, I think I must go through that speech aspect by aspect and discuss it thoroughly. Sir, as this is an important question, I hope the House will be indulgent, and I propose to take at least three hours on it. (Laughter.) (Mr. K. Ahmed: "But Pandit Madan Mohan Malaviya has changed his ideas now, has he not?") My friend, Mr. K. Ahmed, says, Pandit Madan Mohan Malaviya has changed his ideas. Apparently, the Honourable gentleman is in the confidence of Panditji. But I was present, Sir, at a terrific public meeting held in my constituency, a mass meeting of thousands of people, twenty-thousand or more, when Pandit Madan Mohan Malaviya delivered one of those historic, one of those wonderful, one of those inspiring speeches against the Swaraj Party (Laughter); and in that wonderful speech, Panditji contradicted a statement, I believe very correctly, a statement which I had made at Bijnor where I had the honour of addressing a meeting. And he said, "Mr. Ranga Iyer says that I have been a party to the voting for the Finance Bill. No. I was never a party to the voting for the Finance Bill"; and, Sir, in this House I must say that Panditji has never been a party to the voting for the Finance Bill. And, Sir, who that remembers that wonderful peroration of his, that speech moving the rejection of the Finance Bill, can feel that he would ever be a party to its passing until the circumstances which necessitated his making that wonderful speech completely changed? Sir, in that beautiful peroration, Panditji said—and his words will be remembered for many years by generations unborn (Laughter):

"Here we have got an Executive Government controlling the destinies of India. We are an elected majority in this House, but the appointments to the Executive Government are not made after consulting the Assembly. The Members who sit on the Government Benches are entirely independent. They may insult us."

That is exactly what they have been doing; they have been insulting us day after day. Every moment, every hour that they sit there is an insult to us, is a denial to us of our right. (At this stage some Members on the Official Benches happened to leave their seats.) (Mr. Chaman Lal: "Sir, I hope the walk-out is going to be permanent.") (Loud Laughter.) If we can go, and take their places, in that case, (Laughter), as Ministers of a free country, say England, I can then understand the position.

Mr. K. Ahmed: Come along, come along.

Mr. Amar Nath Dutt: You are as much a slave as we are.

Mr. C. S. Ranga Iyer: Again they use their nominated block, they use their official position, to defeat us. The non-official majority which this House is supposed to be endowed with under these mock Reforms is a mockery, for, when Resolutions are passed by this House—and I shall place before you a number of Resolutions that we have passed if Honourable Members doubt the statement—numerous Resolutions have been passed in this House and every important Resolution has been passed on, Sir, into the waste-paper basket.

Mr. President: I think the Honourable Member might continue after breakfast, to-morrow morning. The House now stands adjourned till 10 O'Clock, to-morrow morning.

The Assembly then adjourned till Ten of the Clock on Thursday, the 24th March, 1927.