

16th March 1928

THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume II

(8th March to 27th March, 1928)

SECOND SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1928



DELHI
GOVERNMENT OF INDIA PRESS
1928

CONTENTS.

VOLUME II—8th March to 27th March, 1928.

	PAGES.
Thursday, 8th March, 1928—	
Message from the Council of State	1159
The General Budget—General Discussion— <i>concl'd.</i>	1159-94, 1196-1219
Statement of Business	1195
The Steel Industry (Protection) Bill—Presentation of the Report of the Select Committee	1195
Saturday, 10th March, 1928—	
Questions and Answers	1221-33
Unstarred Questions and Answers	1134-39
Motion for Adjournment—Lockout at Lillooah on the East Indian Railway—Ruled out of order	1239-41
Motion for Adjournment—Announcement made by His Excel- lency the Commander-in-Chief on the 8th March, 1928, in con- nection with the Report of the Sandhurst Committee—Leave granted	1241-44
The Indian Territorial Force (Amendment) Bill—Presentation of the Report of the Select Committee	1244
The Auxiliary Force (Amendment) Bill—Presentation of the Report of the Select Committee	1245
The Indian Succession (Amendment) Bill—Presentation of the Report of the Select Committee	1245
The General Budget—List of Demands—	
Demand No. 16—Customs—	
Abolition of the export duty on raw hides	1245-56
Continuous increase in expenditure	1256-59
Export duty on jute	1259-66
Using the income derived from the protective duties for the general expenditure of the Central Government	1266-74
Policy: Viramgam Customs Cordon	1274-82
Rebate of Customs Duty on Scientific Instruments and Chemicals imported for the <i>bona fide</i> use of Educational and Scientific Institutions	1282-83
Motion for Adjournment—Announcement made by His Excel- lency the Commander-in-Chief on the 8th March, 1928, in connection with the Report of the Sandhurst Committee— Adopted	1283-1306
Monday, 12th March, 1928—	
Questions and Answers	1307-13
Unstarred Questions and Answers	1313-21
The Indian Mines (Amendment) Bill—Presentation of the Report of the Select Committee	1321

CONTENTS—*contd.*

PAGES.

Monday, 12th March, 1928—*contd.*The General Budget—List of Demands—*contd.*

Demand No. 16—Customs— <i>concl'd.</i>	1321-39
Export duty on rice	1321-26
Inadequate and insufficient representation of minorities and the Mussalmans in all branches of the Customs Services	1326-39
Demand No. 17—Taxes on Income	1339-66
Conditions of recruitment, qualifications, pay and promotion of officers in the Income-tax Department, Bombay	1339-41
Grievances of the Assessees	1341-52
Defective Working of Devolution Rule No. 15	1353-55
Equitable Share to Provinces	1355-58
Incomes of Shipping, Insurance and Banking Concerns	1358-64
Levy of Income-tax in Upper Burma	1364-66
Appendix	1367

Tuesday, 13th March, 1928—

Member Sworn	1369
Questions and Answers	1369-71
Unstarred Questions and Answers	1371-78
The General Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 72—Miscellaneous	1379-1407
The Indian Statutory Commission	1379-91
Delegation to the International Labour Conference and allowances paid to Delegates and Advisers	1391-98
Delegation to the Assembly of the League of Nations	1399-1407
Message from the Council of State	1407
The General Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 82—Expenditure in England under the control of the Secretary of State for India	1408-22
Powers of the Secretary of State for India	1408-11
The India Office being a reactionary ^c body not wanted by India	1411-22
Demand No. 40—Central Board of Revenue	1422-28
Lack of uniformity in the system and incidence of tax collection	1422-27
Non-appointment of Burmans to the superior grades of the departments under the control of the Board	1427-28

Wednesday, 14th March, 1928—

Questions and Answers	1429-39
Unstarred Questions and Answers	1439-42
The General Budget—List of Demands— <i>contd.</i>	
Demand No. 74—North-West Frontier Province—	
Introduction of Reforms in the North-West Frontier Province	1443-63
Necessity of strengthening the judiciary	1463-68
Demand No. 38—Army Department—	
For obvious reasons (The policy and expenditure)	1468-90

CONTENTS—*contd.*

Thursday, 15th March, 1928—

	PAGES.
Bill passed by the Council of State laid on the table	... 1491
The General Budget—List of Demands— <i>contd.</i>	
Demand No. 38—Army Department— <i>concl'd.</i>	
For obvious reasons (The policy and expenditure)	... 1491-1532
Demand No. 28—Executive Council.	
On the principle that there should be no square pegs in round holes	... 1532-48
Demands Nos. 18—27	... 1549-51
Demands Nos. 29—37	... 1551-52
Demand No. 39	... 1552
Demands Nos. 41-71	... 1552-57
Demand No. 73	... 1558
Demands Nos. 75—81	... 1558-59
Demand No. 83	... 1559
Demands Nos. 84—94	... 1559-61

Friday, 16th March, 1928—

Member Sworn	... 1563
Statement of Business	... 1563
Statement laid on the Table	... 1563-71
The Indian Finance Bill—Discussion on the consideration of clauses adjourned	... 1572-1632

Saturday, 17th March, 1928—

Questions and Answers	... 1633-39
Unstarred Question and Answer	... 1639
The Indian Finance Bill—Discussion on the motion to pass adjourned	... 1639-89

Monday, 19th March, 1928—

Questions and Answers	... 1691-1706
Unstarred Questions and Answers	... 1706-16
The Indian Finance Bill—Passed	... 1716-57
The Indian Merchant Shipping (Amendment) Bill—Passed as amended	... 1758-66
The Indian Tariff (Amendment) Bill—Discussion on the consideration of clauses adjourned	... 1766-72

Tuesday, 20th March, 1928—

Questions and Answers	... 1773-76
Unstarred Question and Answer	... 1776-77
Resolution <i>re</i> Financial Irregularities relating to the Sambhar Salt Improvement Scheme—Negatived	... 1777-1805
Resolution <i>re</i> Export of Sacred Objects and Indian Antiquities—Withdrawn	... 1805-13
Resolution <i>re</i> Sugar Industry in India—Discussion adjourned for want of a quorum	... 1813-26

CONTENTS—*contd.*

	PAGE:
Wednesday, 21st March, 1928—	
Questions and Answers	1827-29
Unstarred Questions and Answers	1829-32
The Indian Tariff (Amendment) Bill—Passed as amended	1833-39
The Steel Industry (Protection) Bill—Passed as amended	1839-63
The Indian Territorial Force (Amendment) Bill—Passed as amended	1863-91
Election of the Standing Finance Committee	1891
Election of the Standing Finance Committee for Railways	1891
Election of the Panel for the Central Advisory Council for Railways	1891
Election of the Public Accounts Committee	1892
The Auxiliary Force (Amendment) Bill—Passed as amended... ..	1892
Thursday, 22nd March, 1928—	
The Hindu Child Marriage Bill—Presentation of the Report of the Select Committee	1893
The Indian Succession (Amendment) Bill—Passed as amended	1893-94
The Reservation of the Coastal Traffic of India Bill—Motion to circulate adopted	1894-1901
The Special Marriage (Amendment) Bill—Motion to circulate adopted	1901-17
The Hindu Inheritance (Removal of Disabilities) Bill—Passed	1917-18
The Indian Merchant Shipping (Amendment) Bill—Motion to circulate adopted	1919-20
The Indian Divorce (Amendment) Bill—Motion to circulate adopted	1920-22
The Indian Penal Code (Amendment) Bill—Immunity of Members of unregistered Trade Unions, etc., from the consequence of the Conspiracy Law—Motion to circulate adopted	1922-24
The Hindu Marriages Dissolution Bill—Introduced	1924
The Hindu Law of Inheritance (Amendment) Bill—Introduced	1924
The Indian Life Assurance Companies (Amendment) Bill—Introduced	1925
The Hindu Marriages Dissolution Bill—Motion to circulate adopted	1925
The Hindu Law of Inheritance (Amendment) Bill—Passed	1925-26
Monday, 26th March, 1928—	
Member Sworn	1927
Questions and Answers	1927-54
Unstarred Questions and Answers	1954-63
Messages from the Council of State	1963-64
Election of the Standing Finance Committee	1964
Election of the Public Accounts Committee	1965
The Land Acquisition (Amendment) Bill—Withdrawn	1965-66
The Child Marriage Restraint Bill—Motion to circulate adopted	1966-79
The Caste Disabilities Removal Repealing Bill—Motion to circulate negatived	1979-84

CONTENTS—*concl'd.*

	PAGES.
Monday, 26th March, 1928—<i>concl'd.</i>	
The Interest Restriction Bill—Withdrawn	1984-89
The Indian Limitation (Amendment) Bill—Motion to circulate adopted	1989-90
Tuesday, 27th March, 1928—	
Member Sworn	1991
Questions and Answers	1991-2004
Unstarred Questions and Answers	2005-18
Election of the Public Accounts Committee	2018
Election of the Standing Finance Committee for Railways ...	2018
Election of the Panel for the Central Advisory Council for Railways	2019
The Chittagong Port (Amendment) Bill—Passed	2019-27
The Indian Mines (Amendment) Bill—Passed, as amended ...	2027-48
Demands for Excess Grants	2048-52
Demands for Supplementary Grants	2052-62
Resolution <i>re</i> Draft Conventions and Recommendation of the Tenth International Labour Conference regarding Sickness Insurance—Adopted	2063-77

LEGISLATIVE ASSEMBLY.

Friday, 16th March, 1928.

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

MEMBER SWORN:

Mr. Satyendra Nath Roy, M.L.A. (Bengal: Nominated Official).

STATEMENT OF BUSINESS.

The Honourable Sir Basil Blckett (Leader of the House): Sir, I desire with your permission to make a statement about the probable course of business for next week. Members have seen the somewhat lengthy combined list of business for to-day and to-morrow. If we do not dispose of it completely by to-morrow evening, we shall on Monday first take such business as remains over from this combined list and thereafter motions will be moved to take into consideration and pass the Indian Mines (Amendment) Bill. We shall next take the Excess and Supplementary Demands, and this business may extend over Wednesday. Tuesday is allotted for non-official Resolutions, and Thursday is allotted for non-official Bills. Friday and Saturday are holidays for the Id.

STATEMENT LAID ON THE TABLE.

PURCHASE OF STORES BY THE HIGH COMMISSIONER FOR INDIA.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, I beg to lay on the table a statement furnished by the High Commissioner for India showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India during the half year ending the 31st December, 1927.

(1563)

A

HIGH COMMISSION

INDIA STORE

ABSTRACT OF CASES in which tenders for Stores demanded by the Central Gov
the goods demanded, were accepted on the grounds
greater facility of inspection,

HALF YEAR ENDING

PART A.—Cases in which lower foreign tenders, including British tenders for
ten

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.
			£ s. d.
Axleboxes . . .	G.1028/1333/2-7-27 .	Banting & Tresilian, Ltd.	3,141 17 6 (Belgian).
	G.1029/1333/2-7-27 .	The Patent Axlebox & Foundry Co., Ltd.	4,531 5 0 (British).
		Total . . .	7,673 2 6
Axleboxes— No. 655	G.1259/1369/19-7-27 .	Acieries de Haine-Saint- Pierre et Lesquin, Ltd.	483 1 3 (Belgian).
No. 1200	G.1260/1369/19-7-27 .	Usines & Acieries Allard	1,185 0 0 (Belgian).
No. 3365	G.1261/1369/19-7-27 .	Patent Axlebox & Foun- dry Co., Ltd.	3,655 18 9 (British).
Total . 5220		Total . . .	5,324 0 0
Binoculars . . .	G.1749/2191/23-8-27 .	Ross, Ltd. . . .	172 1 8 (British).

BIDS FOR INDIA.

DEPARTMENT.

ernment, other than the lowest complying with the technical description of
of superior quality, superior trustworthiness of the firm tendering,
quicker delivery, etc.

31ST DECEMBER, 1927.

*foreign made goods, have been set aside wholly or partially in favour of British
ders.*

Lowest Tender not accepted.	Reason for acceptance.
<p style="text-align: center;">£. s. d.</p> <p>6,283 15 0 (Belgian).</p>	<p>4,000 axleboxes were required in India by September, 1927, and 4,000 boxes by November, 1927. The lowest tenderer offered to commence delivery in August 1927 and complete by about the end of January, 1928. This firm was seriously in arrears with current contracts for axleboxes and it would clearly have been impossible for them to deliver the whole quantity by the time required. Half the order only was therefore placed with this firm. The remainder of the order was placed with the lowest tenderer who could comply with the delivery requirements.</p> <p>The indent called for delivery of 5,220 axleboxes in India in three instalments, the first by 30th June, the second by 30th September and the third by 31st December, 1927.</p> <p>The deliveries offered for the first two instalments by the eight lowest tenderers were unduly long in view of the urgency of the requirements.</p>
<p>For 5,220 axleboxes</p> <p>4,741 3 7 (Belgian).</p>	<p>Approximately two-thirds of the total number of axleboxes were therefore ordered from The Patent Axlebox Foundry Co., Ltd., who offered delivery of the first instalment in four weeks and of the second instalment by 15th September. The two remaining items of the indent were ordered from the lowest tenderer for each, who promised delivery in October and November.</p>
<p>154 11 8 (French).</p>	<p>The Indenting Officer demanded Ross's binoculars. Competitive tenders were invited and a quotation was received for glasses considered technically equivalent to Ross's at £154-11-8. Messrs. Ross quoted £172-1-8. The quotations were telegraphed to the Indenting Officer who expressed his preference for Ross's make.</p>

PART A.—

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.
			£ s. d.
Bottles . . .	G.1957/3352/3-9-27 .	Pickerdite and Co., Ltd.	550 0 0 Delivery :— commence immediately, complete in 4 weeks. (British).
Cable, electric . .	G.2463/3366/4-10-27 .	British Insulated Cables, Ltd.	1,365 12 0 Delivery 5/11 weeks (British).
Paper typewriting	G.3013/4851/16-11-27.	Spicers, Ltd. . . .	44 18 10 (British).
Binoculars . . .	G.3141/4779/25-11-27 .	E. R., Watts . . .	2,505 0 0 (French).
	G.3142/4779/25-11-27.	Ross, Ltd. . . .	2,826 8 3 (British).
		Total . . .	5,331 8 3

contd.

Lowest Tender not accepted.	Reason for acceptance.
<p style="text-align: center;">£ s. d.</p> <p style="text-align: center;">525 0 0</p> <p>Delivery in 6 weeks. (German).</p>	<p>The lowest tender came from a firm which had been found unsatisfactory in regard to delivery on former occasions. In view of the urgency of the demand the next lowest tender was accepted.</p>
<p style="text-align: center;">1,239 14 0</p> <p>Delivery 26 weeks. (French).</p>	<p>The lowest tender, offering very long delivery, came from a continental firm unknown to the Department. The cable required is difficult to manufacture and it would have been unsafe to entrust an order for it to an unknown firm without preliminary inspection of the works and without periodical inspection during manufacture.</p>
<p style="text-align: center;">37 13 0</p> <p>(Finnish).</p>	<p>The cost of these special visits would have absorbed most of the difference between the price quoted by this firm and that of the next lowest tenderer.</p> <p>The accepted tender was the best offer received having regard to the extra cost of inspection abroad.</p>
	<p>The indent stated that delivery of the binoculars was required in India by 1st March 1928, or earlier.</p>
	<p>The lowest tenderer offered to commence delivery in 4 months and complete in 6 months and the Indenting Officer was therefore asked by telegram whether the lowest tender should be accepted in full, or whether the urgency warranted division of the order.</p>
<p style="text-align: center;">6,006 5 0</p> <p>(French).</p>	<p>In reply he asked that the order should be divided between the two lowest tenderers.</p>

PART B.—Cases in which the discriminating

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.
			£ s. d.
Cranes, electric .	G.889/7377-26-22-6-27	Chatteris Engineering Co.	3,784 0 0 (British) Delivery :— 18 weeks.
Tubing, steel, weld- less.	G.1520/1775/10-8-27 .	Accles & Pollock, Ltd. .	41 13 4 (British).
Paper, linen back- ed.	G.1805/2451/26-8-27 .	Albert E. Mallandain, Ltd.	408 6 8 (British).
Cocks for water .	G.1894/2499/31-8-27 .	James Barwell, Ltd. .	120 18 9
	G.1895/2499/31-8-27 .	Millar, Dennis & Co. .	139 2 6
		Total .	280 1 3 (British).
Bridgework .	G.2521/3515/7-10-27 .	Patent Shaft & Axletree Co., Ltd.	1,198 18 6 (British).
Materials for in- takes and gene- ral construction at pump house.	G.2588/8.3573/14-10-27	Alex. Findlay & Co., Ltd.	1,242 5 10 (British).
Paper litho .	G.2800/3477/31-10-27.	Alex. Cowan & Sons., Ltd.	219 13 4 (British).

tion is between British firms only.

Lowest Tender not accepted.	Reason for acceptance.
<p>£ s. d. 3,695 13 4 (British). Delivery 28 weeks.</p>	<p>Accepted on the grounds of the superior design of the cranes offered which represented more than the difference in price between the two quotations. The cranes were required in India in June, 1927.</p>
<p>28 12 11 (British).</p>	<p>The lowest tenderer could not deliver in less than 10 weeks. As the indenting officer requested a very early supply the order was placed with the next lowest tenderer who offered delivery in about two weeks.</p>
<p>385 0 0 (British).</p>	<p>The Indenting Officer had particularly requested that Messrs. Mallandain's paper should be supplied. As their price was only £23 higher than the lowest tender, their offer was accepted.</p>
<p>250 6 3 (British).</p>	<p>Certain items could have been obtained at a cheaper rate, but those purchased were heavier and better value for money.</p>
<p>1,095 15 0 (British).</p>	<p>The bridgework was required in India by 15th January, 1928. and the lowest tenderer could not undertake delivery in less than 20 weeks. The next lowest tender, which offered delivery under penalty in 12 weeks, was therefore accepted.</p>
<p>1,185 0 0 (British).</p>	<p>The materials were very urgently needed in India. The lowest tenderer offered delivery in 18 weeks. The next lowest tender, which guaranteed delivery in thirteen weeks, was therefore accepted.</p>
<p>203 6 1 (British).</p>	<p>Supply by Alex. Cowan and Sons, Ltd., was particularly requested by the Indenting Officer.</p>

PART C.—Cases in which the discrimination

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.
Steel Fishbolts—			£ s. d.
200,000 . . .	G.1204/1774/14-7-27 .	Usines & Acieries Allard	11 19 4 per ton 2,476 10 0 (Belgian).
200,000 . . .	G.1205/1774/14-7-27 .	Usines et Boulonneries de Mariemont.	12 18 0 per ton 2,669 16 9 (Belgian). <hr/> 5,146 6 9
Fishbolts . . .	G.1365/1961/27-7-27 .	Ste. Ame. des Usines et Boulonneries de Mariemont.	405 18 11 (Belgian).
Gloves, operation	G.3390/6051/14-12-27 .	Down Bros., Ltd. . . .	45 0 0 (American).

is between Foreign firms only.

Lowest Tender not accepted.	Reason for acceptance.
<p>£ s. d.</p> <p>11 19. 4 per ton. 4,953 0 0 (Belgian).</p>	<p>The fishbolts were very urgently required in India and the lowest tenderer required 4 weeks to commence and 18 weeks to complete. This delivery was long and it was improbable that it would be adhered to as the firm had an order from this Department in hand for 266,400 fishbolts for delivery from middle of July to middle of November, 1927. In view of the special urgency half the order only was placed with the lowest tenderer. The remainder of the order was placed with the second lowest tenderer whose time for delivery was considered reliable.</p>
<p>361 1 6 (Belgian). 392 19 10 (Belgian).</p>	<p>The fishbolts were for rails required in India in August and September, 1927. The times of delivery offered by the lower tenderers were by the end of November, and in ten weeks, respectively, the better of which would not have met requirements. The order was therefore placed with the next lowest tenderer who offered delivery of the fishbolts between the 7th and 21st September.</p>
<p>42 12 0 (American).</p>	<p>The Indenting Officer specially asked for supply from Down Bros. As their price was only £2.8 more than the lowest tender, their offer was accepted.</p>

THE INDIAN FINANCE BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move that the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration.

I do not think that there is any necessity for me to make anything of a speech at this stage on this particular Bill, but it is my duty to inform the House of the action that the Governor General in Council has decided to take in regard to the Grants that have recently been passed or not passed by this House. In exercise of his powers under section 67A (7) of the Government of India Act, the Governor General in Council has decided to restore the four big cuts, that is to say, Rs. 80,999 under "Executive Council," Rs. 5,70,999 under "Army Department," Rs. 3,40,000 under "Miscellaneous," and Rs. 13,44,999 under "Expenditure in England—Secretary of State for India." Honourable Members, I think, cannot be entirely surprised, because, whatever the merits of the censure that was intended, it was obvious that the money was required.

Sir, I move.

The motion was adopted.

Mr. President: The question is:

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

Pandit Nilakantha Das: I do not propose to move my amendment,* as Mr. Duraiswamy Aiyangar's is better.

Mr. V. V. Jogiah (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, my motion relates to the reduction of the salt duty from Rs. 1-4-0 to 0-8-0.

In moving this amendment of mine, Sir, I do not wish to say many words, because this motion in the same form has come so often before the House. Many words of mine are therefore not needed to commend this motion to your acceptance. So far as salt is concerned, it is admitted on all hands that it is a commodity which is essential by even the poorest of our people. It is also required by cattle, and it has often been pointed out that unless sufficient quantities of salt are made available to the people, they cannot live a healthy existence. Government themselves have often admitted the necessity to reduce the duty on salt. The highest officials of the State have reiterated that it is a tax which must be reduced at the earliest possible opportunity. I do not wish to repeat the arguments which have so often been placed before this House. With these words I move my amendment.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): May I ask for a ruling, Sir? The amendment that is No. 9. on the list, which is for the total remission of the salt duty, would be in order if it is taken up before an amendment asking for its reduction to eight annas. The motion stands on the same

* "That clause 2 of the Bill be omitted."

footing as that which was given notice of by my Honourable friend, Pandit Nilakantha Das; only the wording is different, but the substance is the same.

Mr. President: The Honourable Member may move it now.

Mr. C. Duraiswamy Aiyangar: I beg to move:

"To clause 2 of the Bill the following be added at the end:

'and the said provisions shall in so far as they enable the Governor General in Council to reduce or remit any duty so imposed be construed as if with effect from the first day of April, 1928, they remitted the duty to the extent of the said one rupee and four annas and such remission shall be deemed to have been made out of the leviable duty by rule made under that section'."

Sir, in effect the amendment which I place before the House authorises His Excellency the Governor General in Council to make Rs. 1-4-0 as the leviable duty on salt, but under the very same section, section 7 of the Indian Salt Act, it is equally open to His Excellency the Governor General in Council to reduce or remit the entire duty which is payable on salt. The effect of my amendment would be that so far as the imported salt is concerned, the duty of Rs. 1-4-0 will still be leviable, because under the Indian Tariff Act the duty that is leviable upon imported salt is the same as that which is leviable on the salt manufactured within British India. Therefore, if by this amendment you authorise His Excellency the Governor General in Council by a rule made under section 7 of the Indian Salt Act to make Rs. 1-4-0 leviable as duty on salt manufactured within British India, the Indian Tariff Act authorises the collection of the same duty on the imported salt but for purposes of collection it is open under the very same section of the Indian Salt Act to reduce or remit the duty, and I therefore appeal to this House to vote for that rule also being made, that the entire duty which is leviable be reduced or remitted by the same provisions.

Sir, I appeal to you that this year, having proceeded a step further, you would sympathise with me and hear me rather patiently. Of course on previous occasions I have heard some impatient die-hards, particularly on the European Benches of this Assembly, saying that this is only a hardy annual and that the same arguments have been repeated every year. That has been the objection against my speech on previous occasions by my friends Sir Walter Willson and Mr. Cocks. I therefore crave the patience of this House to consider the special circumstances of this year's Budget and ask that this House do agree to a total remission of the salt tax. I am not going to repeat the ancient history of the salt duty which I have mentioned before this House on several previous occasions. The Honourable the Finance Member, who is shortly to leave the land of his birth for the land of his love has been applauded for the surplus and prosperous Budget that he has presented this year. It does not seem a matter of rejoicing that in a country of heavy taxation a surplus Budget is produced. On the other hand, it shows only that, because of the heavy taxation under which people are groaning, the Honourable the Finance Member is able to produce a surplus Budget before this House. If he had done something to relieve the poor people of their taxation and produced even a deficit Budget, that would have been a matter for greater congratulation than a budget which shows to us a

[Mr. C. Duraiswamy Aiyangar.]

large surplus which is wrung out of the poor people. It has been remarked on previous occasions, that this cry against the salt duty, against the breakfast duty is only out of sentiment. It may be a sentiment and yet it is an honest and righteous sentiment. That a poor man's breakfast should be taxed is not worthy of any civilised government, and I have no hesitation in saying that any Government which taxes the poor man's food is showing melancholy meanness. Therefore, I would request the Government to consider this aspect very carefully. Before the Honourable the Finance Member leaves these shores, I hope he will leave something behind him to enable the poor people to think of him. In the course of my remarks yesterday, the Honourable the Finance Member intervened and said that he had gone to the villages of the agriculturists. I hope the information which he had gathered there will enable him to corroborate my statement of the hardships which they feel. The Honourable the Finance Member may shake his head. That only shows

The Honourable Sir Basil Blckett: I was shaking off a fly at the moment. (Laughter.)

Mr. C. Duraiswamy Aiyangar: Sir, the Honourable the Finance Member has reduced the duty on motor cars, on motor oil. He has abolished the duty on tea, and precious stones can be imported into the country free of duty. He has reduced the duty on saccharine. Are these the burdens under which the poor people were groaning? Persons who are using motor cars and motor vehicles are the persons who appeal to him more than the poor agriculturists, who require salt not only for themselves but also for their cattle. That is why they have always thought that the Honourable the Finance Member is under the impression that the Indian agriculturists are ploughing their fields with motor vehicles and engines and not by the help of bullocks and ploughs. I therefore make an appeal to the Honourable the Finance Member to do something before he leaves these shores in the shape of giving some relief to the poor people, and that he can do only by reducing the salt tax at least, if he does not consent to abolish it. This year seems the most auspicious year when he can do this for the poor people of this country. I wonder why my Honourable friends, the European Members of this Assembly, are not so sympathetic to the Indian poor as English men were in the year 1852. I would again quote what I quoted on the last occasion as it would bear repetition; at page 449 of Dutt's Economic History of India in the Victorian age you will find that the Chamber of Commerce of Bristol submitted a vigorous and well argued petition on the hardship caused by the salt tax in India. I do not go into the motives of that petition, but the argument is very sound:

"The price to the consumer here in England is 30s. per ton instead of £21 per ton as in India and if it were necessary to abolish the salt tax at home some years hence it appears to your petitioners that the millions of your Majesty's subjects in India have a much stronger claim for its remission in their case, wretchedly poor as they are and essentially necessary as salt is to their daily sustenance and to the prevention of disease in such a climate."

This, Sir, is the petition presented by the people of Bristol in the year 1852, but by the time we reach 1927 the mentality of our European friends towards India has considerably changed. No wonder then that Mr. Coatman, Director of Public Information, gives out a statement

saying that except among a few Anglo-Indians and among the educated middle classes there is no question of unemployment in this country and that the agriculturists are prosperous and above need. If this is the kind of report which Mr. Coatman submits, no wonder our European friends take that as their authority. On the other hand, I would request the Finance Member and other European friends to place their personal knowledge of the situation of the people of this country into the bargain and consider this question from that aspect. Sir, it has been said that the tax means only Rs. 0-3-6 per head per year and that it is not a heavy tax. That was the argument of the Honourable Sir Basil Blackett on a previous occasion, but considering the average income of the people of this country, do you not think that 3 annas 6 pies under the one item of salt alone is a heavy burden? Sir, you are aware that the agriculturist would rather forego his own salt than refuse salt to his cattle to keep them healthy, and in that view of the matter I am sure you will realise the difficulties which these people feel in the matter of salt duty.

Now, Sir, on previous occasions I have quoted figures to show how from the early stages of the salt tax it has always been treated as the one rescue, the one solace of the Finance Member when he finds a deficit. Switch up the salt tax; that is the one cry whenever there is a deficit. You do not care if 48 lakhs is thrown away by the reduction of the duty on tea. You insist upon switching up the salt tax whenever a deficit is to be found. And, Sir, it is an admitted fact that whenever the salt duty is reduced the consumption of salt increases. Do you or do you not want that the consumption of salt should increase? Do you not feel that the consumption of salt is better for the healthy growth of the people of this country than the opium which the Government of India distributes and the liquor which the Provincial Governments dole out. Sir, I have often said that the Government of India's machinery for nation-building is opium and in the case of the Local Governments it is liquor. Barring these two things you will not consider any other item which will conduce to the healthy growth of the people of this country. On a previous occasion, when I was proposing this amendment, Mr. Lloyd, representing the Government, admitted that there is necessarily an increase in consumption the moment the salt tax is reduced. At page 2514 of Vol. V, Part III, of the Legislative Assembly debates, he said:

"When the salt duty was Rs. 2-8-0 a maund in 1902-03 the average consumption per head of the population was 5 seers. When it was at Re. 1 a maund, 10 years later, the average consumption was only 6 seers per head of the population. Some increase in consumption must be allowed for, but that it could be so large as Mr. Duraiswamy Aiyangar anticipated it is, I think, quite unreasonable to believe."

By all means let him not believe it. I said that the consumption would go up to 9 crores if only the salt tax was reduced, and at that time I asked for a reduction of 8 annas. Am I unreasonable? There is this clear admission by your Government Member, Mr. Lloyd, that there must necessarily be an increase, and he said it would be about 20 per cent. Now, Sir, do you or do you not grant that it is the bounden duty of the Government to see that the people consume more salt, even at the cost of a little revenue? Are you going to apply the principle of "Minimum consumption maximum revenue" to salt, to opium or to both indiscriminately. I ask you, Sir, do you or do you not care—I do not mean the President, who has always cared, but the Finance Member—for the health and welfare of the people in connection with which you

[Mr. C. Duraiswamy Aiyangar.]

hold so many exhibitions all over the country? And if you do, I would request you to see that the salt tax is reduced. I would go further and put it on the sentimental ground that it is a humiliation for any country to say that it is taxing its salt, not only the imported salt but the salt manufactured in its own bounds. Is there a country like that anywhere in the world? Can you quote a single example where a country manufactures salt within its own limits and yet charges a duty on that salt?

The Honourable Sir Basil Blackett: Yes, many.

Mr. C. Duraiswamy Aiyangar: In England there was a duty of 30s. per ton in 1832, but that was abolished. Why did you abolish it? Was England unable to bear that 30s. duty per ton on salt? Sir, I say on principle you ought not to tax the poor man's breakfast. I consider it is the solemn duty of Government to see that that is not done. I ask whether it is not a fact that India is able to produce not only the salt necessary for her own use but for export purposes also and make a profit out of it? India is not surrounded by fresh water. It has two thousand miles of coast line. There are salt lakes, and there are mineral sources. And with all this abundance, Sir, we produce salt at a cost of 2 to 3 annas per maund. But with the duty of Rs. 1-4-0 it is ultimately available to the rural consumer at a cost of Rs. 3-0-0 to 3-8-0 a maund. Nothing could be a greater disgrace to a civilized Government than to make a man purchase an article for Rs. 3 a maund when its cost of production in his own country is no more than 3 annas a maund. Sir, I appeal to the Members of this House to see to it that this duty is altogether abolished and that future Budgets are not disfigured by this salt revenue. Not only is it a source of revenue but it furnished the third best revenue of all the sources of revenue of the country. Sir, I appeal to you, and I move my amendment.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I move my amendment, which is:

"That in clause 2 of the Bill for the words 'one rupee and four annas' the words 'one rupee' be substituted."

So much has been said in regard to this question and so much has the question been discussed in this House that I do not think it is at all necessary for me to dwell on this at any length. It must be understood by everybody that salt is an article which is used by all alike, by the richest and the poorest of the poor, as also by cattle. Its taxation therefore does not affect only a small class of people as in the case of other articles. I have no doubt that the Honourable the Finance Member has done much by the remission of provincial contributions by way of giving relief to the people of the country. But that benefits only a section of the people, whereas the salt duty affects the poorest of the poor. I do not know whether the Honourable the Finance Member is aware that the people in rural areas are very poor. They have scarcely two meals a day. By reducing the duty from one rupee four annas to one rupee he will be helping the really poor.

With these few words I move my motion.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, I recognise that the question of the salt duty is a hardy annual in this House; but it is one which will always have the attention of this House when considering the Finance Bill from year to year. It is true that the exigencies of the financial position of the Government of India and the Budget, as presented to this House, do not permit of any change in the existing salt duty this time. But I cannot help feeling that the salt duty of the Central Government is as bad as the liquor excise duty of the various Provincial Governments. The liquor excise is a duty which reflects degeneration of the people of India from year to year. In the case of salt duty the Government of India are making a revenue by starving the people and the cattle of salt—salt which is necessary for the health of both these. I do not wish, and nor do I think I can, add anything usefully to the appeal which has been so pathetically made by Mr. Duraiswamy Aiyangar. But I feel that the correct way of attacking this duty is, if I may suggest to my Honourable friend, not by an amendment of the annual Finance Bill but by an inquiry into this problem. To that end, Sir, I would like to ask if the Honourable the Finance Member is in a position to tell us anything further in connection with a report which he told us last year was being examined in his Department. I am now, reading, Sir, from the proceedings of the Assembly of the 14th March, last year . . .

Mr. C. Duraiswamy Aiyangar: Dr. Paranjpye and the Taxation Inquiry Committee have reported that 8 annas is the proper duty.

Sir Purshotamdas Thakurdas: I am now referring to another thing, Mr. Duraiswamy. I will read, Sir, a short extract from the Finance Member's reply last year:

"With regard to the second question,"

—the Honourable the Finance Member said—

"that of making India self-supporting in the matter of salt, I informed the House last year that in accordance with the recommendations of the Taxation Enquiry Committee the Government intended to appoint a special officer to enquire into the whole case with a view to considering whether there was a case to go before the Tariff Board. The special officer has been on duty and has just recently submitted a report. That report is under the consideration of the Government. We have not had any time to consider it yet. If there is a *prima facie* case for the Tariff Board, the matter will be referred to them. At present I am not in a position to make any statement in regard to the possibilities in the matter. I would suggest that the Honourable Member should be satisfied with having raised this interesting point and should now agree to withdraw his motion and let the House proceed to discuss the other points under consideration."

At that juncture, Sir, I inquired whether the report of that special officer would be published and circulated to Members of the Assembly when the Government had made up their mind about it. The Honourable the Finance Member said that he was not sure in what form the report had been made, but "certainly either the report itself or the contents would be made known to the Assembly." As far as I am aware, Sir, I do not think that the Members of the Assembly have yet seen anything of the report in any form, but it is quite possible that I have overlooked

[Sir Purshotamdas Thakurdas.]

it if the Finance Department have circulated any information about this interesting report.

I wish to submit, Sir, that it is not right for the Government of India to merely listen to our speeches on the salt duty from year to year and do nothing. It is very necessary to see if India can be made "self-supporting." to use the Honourable the Finance Member's own words last year, in the matter of the production of salt within India. I hope that in the course of his reply the Finance Member will be able to throw some light on this important question (it is not a question which is restricted only to the sentimental aspect) where we are all unanimous that salt should be made available to the people of India at as little cost as possible and without any artificial gain to the Government if that is possible. My friend, Mr. Duraiswamy Aiyangar, said that the greater the reduction in the salt duty—or in other words, it would be the same thing,—the cheaper the salt is—the greater is the consumption of salt. Now some light might be thrown on the point, whether the figures justify this, namely, when the salt duty was put up to Rs. 2-8-0, the consumption of salt did go down. I know that in deciding this there are some considerations which do come in. When the salt duty is proposed to be raised, there is a larger off-taken from the Government salt depôts before the higher salt duty becomes operative. To that extent I know the figures are not very reliable. But if the Government of India are convinced that the lower the salt duty or the price of salt, the greater the consumption, I venture to ask why the Government do not try this maxim which they have been trying in connection with other articles and put down the salt duty and see if, owing to a reduction, they cannot make up for the apparent loss which may threaten their revenues at the start. Sir, in reducing the petrol duty or in reducing the duty on motor cars we were told that the Government thought that the apparent loss would be made up by larger imports. Why then should Government not try that same principle of small profit and big turnover in connection with salt? They would not have a more grateful House than this if they ever tried to make an experiment in that direction with salt. I feel, therefore, Sir, that whilst at the moment I am not in a position to support either the reduction of the salt duty to 8 annas or even to the very modest figure of one rupee as suggested by my Honourable friend, Khan Bahadur Sarfaraz Hussain Khan, the Government of India should not sit tight on this question. I think it would be well for them to realize that we are in earnest, and that unless something tangible or substantial is done, they may find in the very near future that we may be forced to be as reckless as they allege we are in some other subjects.

***Mr. Muhammad Yamin Khan** (United Provinces: Nominated Non-Official): Sir, I have heard the old old story repeated about the reduction of the salt duty. No new arguments have been put before this House, and the same arguments have been repeated which we have been hearing for the last six or seven years. I am afraid, Sir, I cannot support the amendment either of Mr. Duraiswamy Aiyangar or of Khan Bahadur Sarfaraz Hussain Khan. The reason is that if the amendment of my Honourable friend, Khan Bahadur Sarfaraz Hussain Khan is carried,

* Speech not corrected by the Honourable Member.

the real object which he has in his mind will never be achieved. He wants to benefit the consumer, but I do not think that by the reduction of this duty the consumer can benefit at all. All this money will go into the pockets of the middleman. Poor people never purchase in big quantities which can make any difference. They generally go to the bazaar and purchase in very small quantities. Any Honourable Member who likes can go and see in the bazaars for himself if this is not so,—if he is in touch with the public at all. The poor man goes and purchases his requirements in terms of a pice, and the seller, the *bania*, never gives him things by weight. All he does is to give him some salt and a little pepper and another thing and something else for another pice and he puts them into a small piece of paper, and then the poor man goes back home. The poor consumer never knows what he is getting and what he is not getting. Supposing the duty on salt comes down from Rs. 1-4-0 to one rupee, what will be the marked difference on one pice? That will never help the consumer. This question has been examined every year. Some Honourable Members have been here for a long time and have been urging this not only on sentimental grounds but they have gone back to their places and they have studied this question in minute details. I have myself tried, after studying the debates in the Legislature to see the state of affairs in the bazaars—I may say I am connected with municipal affairs in my city—and to find out exactly what is the position of the poor consumer who purchases these articles, and I have been convinced that, whether the duty stands at Rs. 1-4-0 or one rupee only or even if you reduce it to twelve annas, it will make no difference at all, but it will certainly make a difference in the case of the middleman. If you want that at the expense of your education or at the expense of the money which the Central Government is going to remit to the provinces and which money can be better utilised for education and sanitation and other improvements, and if you want this to help only the middleman, of course you can do it. But I think those other requirements are far greater than this little help to the middleman who does not stand in any need at all of any help whatsoever. Where will it go? Of course your provincial contributions will be affected.

An Honourable Member: Not at all.

Mr. Muhammad Yamin Khan: Certainly. Where will you find the money to remit to the provinces?

Mr. C. Duraiswamy Aiyangar: That Sword of Damocles has been put aside by the Finance Member.

Mr. Muhammad Yamin Khan: That will still not help the poor people. If you cut this money the effect will be on provincial contributions; that will take away from you large sums which you get for the development of cities and rural areas such as sanitation, education and many other matters.

Mr. B. Das: Where is sanitation and education in the Government of India?

Mr. Muhammad Yamin Khan: Not in the cities, but in the villages. If the Honourable Member goes and finds out what the municipal and

[Mr. Muhammad Yamin Khan.]

district boards are doing and where they get money from, he will realise the difficulties which they have to face when they have to carry on the local administration. It is one thing to talk here without knowing the real facts and what is happening in the country.

Mr. B. Das: Is it not a libel on me, Sir, to say that I do not know the province and my own towns?

Mr. Muhammad Yamin Khan: Anybody who realises these facts will, I am sure, give thought to these matters. Let them not be carried away by sentiment; it is better to apply sometimes a cool mind in order to arrive at a proper understanding. Here I am putting forward the difficulties. I know the difficulties which we have experienced. I am connected with municipal administration for the last 14 years.

Mr. President: The Honourable Member is repeating.

Mr. Muhammad Yamin Khan: That being so, Sir, I think Khan Bahadur Sarfaraz Hussain Khan's amendment cannot stand, far less Mr. Duraiswamy Aiyangar's amendment. If he wants to take away this money, then some money must be found to meet the expenses which we have got in the Budget; it will have to come in the shape of some other tax which will probably fall harder on the poor consumer than the salt tax, I am convinced, Sir, that this salt tax does not affect the poor consumer at all.

The Honourable Sir Basil Blackett: Sir, I hope the House will come to a conclusion on this. The question before us is a fairly simple one. We have actually three different amendments, one to reduce the tax to 8 annas, one to reduce it to Re. 1, and the amendment of Mr. Duraiswamy Aiyangar, which, I think, is meaningless, is intended to levy the duty at Rs. 1-4-0 for purposes of import but to abolish it for purposes of excise. I am afraid he entirely fails to succeed in his object in the amendment he has put forward. He realises that the duty on imported salt is at the rate at which the excise duty is leviable for the time being and he tries by this amendment to arrive at the same time at two contradictory results. He wants to make the tax cease to be leviable for purposes of excise and make it collectable for purposes of import at the rate at which it is leviable for purposes of excise. If it is not leviable for purposes of excise, there is no rate at all at which it is leviable for excise; there is, therefore, no rate at which it is leviable for purposes of customs. I think his amendment is out of order, Sir, though I did not raise that point, but its only effect is to abolish the duty altogether if it has any effect at all. That is as regards the effect of his amendment. The other two amendments involve, one a smaller, one a greater, loss of revenue for the current year, and as Mr. Yamin Khan has pointed out, that revenue would have to be replaced in some way.

Now, Mr. Duraiswamy Aiyangar asked me—I do not know why he should think that I take no interest in the agriculturists of the country—he asked me one or two days ago whether I ever visited villages and he repeated to-day some question of the same sort. Now, I assure him that particularly in the first year that I was here, after the salt duty controversy had been particularly a big one, I took a great deal of trouble, wherever I got the opportunity, to try and find out what views, if any,

were held on the salt duty by people in the villages and by the poorer people in the towns; and I really took considerable trouble over it. It is not particularly easy for me, because I do not speak the vernaculars; I can understand Urdu to a certain extent, especially when spoken in this House, but I do not speak it; and I had therefore to work through an interpreter. But I really was quite impressed by the evidence that reached me. One after another people gave me the impression that they would far rather see money spent on sanitation, education, on general benefits to their villages or to their towns than have a small reduction, infinitesimal in amount, which would probably go to the middlemen, as many of them told me, in the salt duty. That is the point of view which is a really important one and is worth taking into consideration. Mr. Duraiswamy Aiyangar asked me whether I had no interest in sanitation and so on. It is exactly for that reason that I have always thought it is much more important to get provincial contributions reduced than even to reduce the salt tax; and I believe that, if Honourable Members would seriously study the subject with their constituents in the villages and put it to them that the alternatives are and must be between acceleration or slowing down of the growth of education, sanitation, of beneficial works of all kind and the reduction of the salt tax, they will find that the old cry for the reduction of the salt tax will lose such vigour as it still retains outside the House.

Mr. C. Duraiswamy Aiyangar: But do they not want both?

The Honourable Sir Basil Blackett: Nobody wants to pay a tax; but people are always willing to pay a tax if they can see the benefit that comes from it. That is one of the important advantages of local taxation over central taxation. That is another subject. The Honourable Member, Mr. Duraiswamy Aiyangar, further said, I think, that this tax was an insult to India and he asked what other countries imposed the tax. France imposes it; Italy imposes it; Czecho-Slovakia and a very large number of countries impose salt tax; and the Honourable Member has studied his own previous speeches so thoroughly that I was surprised to find that he has never even cast a cursory glance at the speeches of other Members in reply to him. That is so far as the general position as regards the salt tax. I do put it to the House that we can do more benefit to the people than we are trying to help not by reduction of the salt duty but by increasing the money available for nation-building purposes.

I come now to Sir Purshotamdas' question—it is a question of importance—of making India self-sufficient. I am sorry there has been some delay about dealing with the report that I mentioned a year ago. As a matter of fact for some months a Resolution of the Government of India has been in type on the subject, but it has been held up by comparatively small but important details. I hope that very shortly this Resolution will be issued. The conclusion that the Government of India have come to after very careful consideration for the reasons that will be set out at length in the Resolution when it is published is that there is no *prima facie* case for submission to the Tariff Board as regards making India self-supporting in the matter of salt; that there is no probability that the conditions laid down by the Tariff Commission can be fulfilled. So far as Bengal in particular is concerned, it seems almost inevitable that imported salt will always be more suitable, and great loss would be incurred without sufficient advantage by an effort to prevent imported salt coming in there, by discrimination against imported salt. That is the general conclusion.

[Sir Basil Blackett.]

but there are other particular questions as to the possibility of usefully protecting or encouraging the industry in particular parts of the country which, as I said, are being examined and which have caused the delay in the issue of the general decision.

Sir Purshotamdas Thakurdas: May I ask the Honourable Member whether the officer's report will be published with the Government Resolution or not?

The Honourable Sir Basil Blackett: I am not really quite sure about it. This matter has passed out of my ken for so long that I am not clear what the position will be. I think, however, that the report is a departmental one. They will certainly consider whether it can be published if Sir Purshotamdas Thakurdas and the House attach importance to it.

Sir Purshotamdas Thakurdas: I am sure I am reflecting the views of this House when I say that it would very much like if the report was published unless there is something in it which necessitates its being kept secret.

The Honourable Sir Basil Blackett: The Government of India will note that fact. They have no desire to keep the report secret.

Sir, I have now actually concluded my remarks and have said all that I had to say and I see that you are anxious to put the question.

Mr. President: I am anxious to adjourn the House by 12 o'clock. The question is:

"That to clause 2 of the Bill the following be added at the end :

'and the said provisions shall in so far as they enable the Governor General in Council to reduce or remit any duty so imposed be construed as if with effect from the first day of April, 1928, they remitted the duty to the extent of the said one rupee and four annas and such remission shall be deemed to have been made out of the leviable duty by rule made under that section'."

(Mr. N. M. Joshi rose to speak.)

Mr. President: Order, order.

Mr. Gaya Prasad Singh: Sir, there are some Members on this side of the House who wish to speak on this motion.

Mr. President: The Honourable Members might keep themselves in reserve for the one pice post-card.

The Honourable Sir Basil Blackett: Sir, I move that the question be now put.

The motion was adopted.

Mr. President: The question is:

"That to clause 2 of the Bill the following be added at the end :

'and the said provisions shall in so far as they enable the Governor General in Council to reduce or remit any duty so imposed be construed as if with effect from the first day of April 1928 they remitted the duty to the extent of the said one rupee and four annas and such remission shall be deemed to have been made out of the leviable duty by rule made under that section'."

The Assembly divided :

AYES—38.

Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. M. S. Sesha.
 Bhargava, Pandit Thakur Das.
 Chaman Lall, Diwan.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. B.
 Das, Pandit N. Lakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Srish Chandra.
 Goswami, Mr. T. C.
 Gulab Singh, Sardar.
 Iswar Saran, Munshi.
 Iyengar, Mr. S. Srinivasa.
 Jogiah, Mr. Varahagiri Venkata.
 Joshi, Mr. N. M.
 Kartar Singh, Sardar.
 Kidwai, Mr. Rafi Ahmad.
 Kunzru, Pandit Hirday Nath.
 Lajpat Rai, Lala.

Mehta, Mr. Jamnadas M.
 Miara, Mr. Dwarka Prasad.
 Mitra, Mr. Satyendra Chandra.
 Mukhtar Singh, Mr.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Phookun, Srijut Tarun Ram.
 Rang Behari Lal, Lala.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shervani, Mr. T. A. K.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Sinha, Kumar Ganganand.
 Sinha, Mr. R. P.
 Sinha, Mr. Siddheswar.
 Tok Kyi, U.
 Yusuf Imam, Mr.

NOES—57.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Haye, Mr.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Abdullah Haji Kasim, Khan Bahadur
 Hajj.
 Ahmad, Khan Bahadur Nasir-ud-din.
 Alexander, Mr. William.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayangar, Mr. V. K. Aravamudha.
 Bajpai, Mr. G. S.
 Bhuto, Mr. W. W. Illahibakhsh.
 Blackett, The Honourable Sir Basil.
 Bray, Sir Denys.
 Chatterjee, The Revd. J. C.
 Chatterji, Rai Bahadur B. M.
 Coatman, Mr. J.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Couper, Mr. T.
 Courtenay, Mr. R. H.
 Crawford, Colonel J. D.
 Crerar, The Honourable Mr. J.
 Dakhan, Mr. W. M. P. Ghulam Kadir
 Khan.
 Ghazanfar Ali Khan, Raja.
 Ghuznavi, Mr. A. H.
 Gidnev, Lieut.-Colonel H. A. J.
 Graham, Mr. L.

Irwin, Mr. C. J.
 Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Captain.
 Keane, Mr. M.
 Kikabhai Premchand, Mr.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Moore, Mr. Arthur.
 Mukherjee, Mr. S. C.
 Parsons, Mr. A. A. L.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rao, Mr. V. Pandurang.
 Roy, Mr. K. C.
 Roy, Mr. S. N.
 Sams, Mr. H. A.
 Sassoon, Sir Victor.
 Shah Nawaz, Mian Mohammad.
 Shamdadhari Lall, Mr.
 Shillidy, Mr. J. A.
 Singh, Raja Raghunandan Prasad.
 Suhrawardy, Dr. A.
 Svkes, Mr. E. F.
 Taylor, Mr. E. Gawan.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Mr. N. M. Joshi: May I ask whether the closure was applied to the first amendment or to the other amendments as well?

Mr. President: It was applied to the main question.

Mr. N. M. Joshi: The Honourable the Leader

Mr. President: Order, order.

The question is:

“That in clause 2, for the words ‘one-rupee and four annas’ the words ‘eight annas’ be substituted.”

The Assembly divided:

AYES—37.

Abdoola Haroon, Haji.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. M. S. Sesha.
 Bhargava, Pandit Thakur Das.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. B.
 Das, Pandit N lakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Srish Chandra.
 Goswam, Mr. T. C.
 Gulab Singh, Sardar.
 Iswar Saran, Munshi.
 Iyengar, Mr. S. Srinivasa.
 Jogiah, Mr. Varahagiri Venkata.
 Joshi, Mr. N. M.
 Kartar Singh, Sardar.
 Kidwai, Mr. Rafi Ahmad.
 Lajpat Rai, Lala.

Mehta, Mr. Jamnadas M.
 Misra, Mr. Dwarka Prasad.
 Mitra, Mr. Satyendra Chandra.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Phookun, Srijut Tarun Ram.
 Rang Behari Lal, Lala.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shervani, Mr. T. A. K.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Sinha, Kumar Ganganand.
 Sinha, Mr. Siddheswar.
 Tok Kyi, U.
 Yusuf Imam, Mr.

NOES—55.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Haye, Mr.
 Abdu: Qaiyum, Nawab Sir Sahibzada.
 Ahmad, Khan Bahadur Nasir-ud-din.
 Alexander, Mr. William.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayangar, Mr. V. K. Aravamudha.
 Bajpai, Mr. G. S.
 Bhuto, Mr. W. W. Illahibakhsh.
 Blackett, The Honourable Sir Basil.
 Bray, Sir Denys.
 Chatterjee, The Revd. J. C.
 Chatterji, Rai Bahadur B. M.
 Coatman, Mr. J.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Couper, Mr. T.
 Courtenav, Mr. R. H.
 Crawford, Colonel J. D.
 Creer, The Honourable Mr. J.
 Dakhan, Mr. W. M. P. Ghulam Kadir
 Khan.
 Ghazanfar Ali Khan, Raja.
 Ghuznavi, Mr. A. H.
 Graham, Mr. L.
 Irwin, Mr. C. J.

Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Captain.
 Keane, Mr. M.
 Kikabhai Premchand, Mr.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Moore, Mr. Arthur.
 Mukherjee, Mr. S. C.
 Parsons, Mr. A. A. L.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rao, Mr. V. Pandurang.
 Roy, Mr. K. C.
 Roy, Mr. S. N.
 Sams, Mr. H. A.
 Sassoon, Sir Victor.
 Shah Nawaz, Mian Mohammad.
 Shamaldhari Lall, Mr.
 Shillid- Mr. J. A.
 Singh, Raja Raghunandan Prasad.
 Suhrawardy, Dr. A.
 Sykes, Mr. E. F.
 Tavlur, Mr. E. Gawan.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Mr. Mukhtar Singh: Have I your permission, Sir, to move my amendment?

Mr. President: There is no question of any further amendment now.

The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'one rupee' be substituted."

The Assembly divided:

AYES—40.

Abdul Matin Chaudhury, Maulvi.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. M. S. Sesha.
Bhargava, Pandit Thakur Das.
Chaman Lall, Diwan.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit N lakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T C.
Gulab Singh, Sardar.
Iswar Saran, Munshi.
Iyengar, Mr. S. Srinivasa.
Jogiah, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
Kartar Singh, Sardar.
Kidwai, Mr. Rafi Ahmad.
Lajpat Rai, Lala.
Mehta, Mr. Jamnadas M.

Misra, Mr. Dwarka Prasad.
Mura, Mr. Satyendra Chandra.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pnookun, Sriput Tarun Ram.
Rang Behari Lal, Lala.
Rao, Mr. G. Sarvotham.
Sariaz Hussain Khan, Khan
Bahadur.
Siddiqi, Mr. Abdul Qadir.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Sinha, Kumar Ganganand.
Sinha, Mr. R. P.
Sinha, Mr. Siddheswar.
Tok Kyi, U.
Yusuf Imam, Mr.

NOES—53.

Abdul Aziz, Khan Bahadur Mian.
Ahmad, Khan Bahadur Nasir-ud-din.
Alexander, Mr. William.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayangar, Mr. V. K. Aravamudha.
Bajpai, Mr. G. S.
Bhuto, Mr. W. W. Illahibakhsh.
Blackett, The Honourable Sir Basil.
Bray, Sir Denys.
Chatterjee, The Revd. J. C.
Chatterji, Rai Bahadur B. M.
Coatman, Mr. J.
Cocke, Mr. H. G.
Cosgrave, Mr. W. A.
Couper, Mr. T.
Courtenay, Mr. R. H.
Crawford, Colonel J. D.
Creer, The Honourable Mr. J.
Dakhan, Mr. W. M. P. Ghulam Kadir
Khan.
Ghuznavi, Mr. A. H.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Irwin, Mr. C. J.
Jowahir Singh, Sardar Bahadur
Sardar.

Kabul Singh Bahadur, Captain.
Keane, Mr. M.
Kikabhai Premchand, Mr.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Mitra, The Honourable Sir Bhupendra
Nath.
Moore, Mr. Arthur.
Mukherjee, Mr. S. C.
Parsons, Mr. A. A. L.
Rainy, The Honourable Sir George.
Rajah, Rao Bahadur M. C.
Rao, Mr. V. Pandurang.
Roy, Mr. K. C.
Roy, Mr. S. N.
Sams, Mr. H. A.
Sassoon, Sir Victor.
Shah Nawaz, Mian Mohammad.
Shamaldhari Lall, Mr.
Shillidy, Mr. J. A.
Singh, Raja Raghunandan Prasad.
Suhrawardy, Dr. A.
Sykes, Mr. E. F.
Taylor, Mr. E. Gawan.
Willson, Sir Walter.
Yakub, Maulvi Muhammad.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. President: I notice some sort of feeling amongst some Honourable Members that they have been unnecessarily gagged, and I therefore do not now propose to put the question that clause 2 do stand part of the Bill. I will put it after Lunch, when the Honourable Members will have the fullest opportunity to talk as much as they like on it.

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

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

Mr. President: The question is :

“That clause 2 do stand part of the Bill.”

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I do not wish to make a long speech. I realise that you have been listening to our speeches for a little more than a month. I also realise, Sir, that the Honourable the Leader of the House has been hearing our voices for a very long time and during the last few days he was never allowed to leave his seat. Although I value it as a great privilege that he should listen to our speeches, Sir, realising the weariness, I shall not mind the Honourable the Leader of the House giving his now famous shrug to the shoulder and enjoying his pipe of peace in the lobby.

Sir, my objection to the salt tax is based on principle. I consider that the salt tax is a tax which falls upon the people without any relation to their ability to pay it. It falls upon every one, whatever may be his income, whether he is able to pay a tax or not, it falls upon even those people whose income may not be even Rs. 50 a year, and I feel, Sir, that there is absolutely no justification why those people, whose income is not sufficient even for their maintenance, should be taxed at all. I fully realise that the machinery of the State must be continued for the protection of the property of those people who have property, for the protection of those people who make large incomes. But, Sir, those people on whom the salt tax mainly falls do not possess much property, nor are their incomes very large. I therefore feel that there is absolutely no justification why such people should be taxed at all.

Well, Sir, much was made of the deficit that may be caused in the Budget if the salt tax were abolished. I do not think, Sir, that there will be much deficit even if the salt tax is abolished altogether. There are various heads on which expenditure is incurred when it is not necessary to do so; especially there are certain heads in our Budget which can certainly wait. For instance, there is a very large sum of money for what is called the redemption of debt. There are five crores under that head. I do not know, Sir, why, when we have such bad taxes on our Statute-book, we should be in a hurry to pay what is called the unproductive debt. In my judgment such a large amount is not unproductive debt. If the Government of India will find out the value of the property which they possess, they will find that our unproductive debt is not more than the property which we possess. Unfortunately, the Government of India

have not yet made any valuation of the property which we possess and if we possess large property, perhaps larger than the amount of the unproductive debt which we are using, I do not think, Sir, that even the debt which we call unproductive is really unproductive at all. I therefore feel that we need not be frightened by the thought that if the salt tax is reduced or even abolished there will be a deficit in our Budget.

Sir, my Honourable friend Mr. Yamin Khan gave certain of his experiences about the effect of the reduction of the salt tax. He said the reduction is very small in the first place and will not be felt by the poor people. Leaving aside my objection to this tax on principle, I feel, Sir, that the reduction which he considers to be small, is not small if we take into consideration the annual income of the people upon whom this tax mainly falls. The 3 or 4 annas which a man may spare if there is no salt tax may be a big sum to him whose income is Rs. 30 a year. I am sure this may be a small sum to my friend, Mr. Yamin Khan.

Then, Sir, the salt tax is not the only tax which the poor people in this country have to pay. We have still many taxes which almost every one has to pay such as the tax on kerosene, the tax on matches, the tax on sugar, and there are several other taxes which the poor people cannot escape and which generally fall upon the commonest people in this country, and their burden when taken together will certainly not be very light, although I again say it may be insignificant to my friend Mr. Yamin Khan. Sir, all these taxes are a very great burden upon the common people in this country. Even the Taxation Inquiry Committee's Report has made it clear that such taxes must be reduced and they are in India in a larger proportion than in England and other countries.

Then, Sir, my friend Mr. Yamin Khan said that the benefit of the reduction or even of the abolition may go to the middleman. I do not understand why this should happen. If the reduction of any other tax goes to the people on whom the incidence of the tax falls, certainly the reduction of the salt tax must ultimately benefit all the people upon whom the incidence falls. He gave his experience as a member of a District Board or perhaps as the Chairman of a District Board. (*An Honourable Member*: "Of a municipality.") I do not know, Sir, whether the municipality of which he is the Chairman or a member has ever opened any shops for selling salt, and if he really objects to the middleman making profits, I may suggest to my friend that, as the Chairman of that municipal body, he should undertake the work of opening shops for selling salt. There are many municipalities now which make it their business in order to avoid profiteering to open shops and sell the necessaries of life to the people living within that municipality. I therefore think, Sir, that my friend Mr. Yamin Khan, instead of opposing this amendment for fear that the middleman may be profited, should start his own shops which will not make any profits and thus help the poor people to get the benefit of the reduction of this tax.

Sir, the Honourable the Finance Member told us that he considered the report of the officer for the protection of salt and he has come to the conclusion that there is not a good case for sending that question to the Tariff Board. I feel, Sir, that if the Government of India feel some solicitude for the people of this country who have to pay all these taxes, they should not mind spending a little money even if the sending of the case

[Mr. N. M. Joshi.]

to the Tariff Board costs them some little money. The Government of India may be very wise but they need not think that all wisdom is centred in them. There may be some possibility of their being wrong, and if there is some possibility of their being wrong I think, Sir, they should not mind spending a little money for sending this question to the Tariff Board. Let this country produce salt as much as it can, and let salt be as cheap as it can be, so that the people in this country will have enough of that article. I hope, Sir, that this House will see that at an early date this tax, which is objectionable in principle as well as in its effect, is soon abolished.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhamadan): Sir, I wanted to speak just a word with reference to some remarks which fell from my Honourable friend Mr. Yamin Khan. I was not at all surprised that my friend should have rushed to the rescue of the Government in this matter. That is a familiar rôle with him. But this time his zeal outran his discretion. He said that poor people in the villages did not purchase salt by weight. This is a statement which has taken my breath away. I have also mixed with poor people in the villages, and I can say as the result of my experience that the poor people there generally are very careful in taking their salt or other necessities of life by weight. Another statement of his that the middlemen will profit is also not justified by the actualities of the case. It may only be partially true. In our last election, Sir, we had to do some touring in the country; and we found what effect the doubling of the salt tax in the first Legislative Assembly had; and what relief was given to the poor people as a result of the action which we took in the second Assembly. I know my friend has no constituency of his own; and probably that is the reason why his experiences are somewhat different from the experiences of those of us who are elected Members of the House. The salt tax, I maintain, is an income-tax on all incomes down to the lowest. The poorer a man is the heavier is its incidence. In India the salt duty question is essentially a poor man's question, for it is the poorer many and not the richer few, who eat more salt when it is cheap and less when it is dear. Moreover, the salt duty gives Government a valuable financial reserve which may be tapped in times of sudden emergency. India, Sir, is admittedly a very poor country. Its deep and deepening poverty is well known in spite of the official window-dressing for outside gaze. Sir Evelyn Baring, speaking as Finance Member of India in 1882, calculated the average income per head of the population in India at Rs. 27 per year. Mr. Dadabhoy Naoroji puts it at Rs. 20 only. I will just give the opinion of Sir Robert Watson Smyth, who was formerly President of the Bengal Chamber of Commerce, and his opinion ought to carry some weight with my friends of the European group. He referred, Sir, to the ryot:

"whose poverty was such that there is no margin between the actual necessities of life and the money which he earns;"

and added:

"The whole population of India, whether agricultural, commercial, industrial or professional, are crushed by the burden of taxation, and are crying out for relief in the form of lower prices and a reduced cost of living."

I may say, Sir, that this question of salt tax was an article of political faith with the Indian National Congress, and some of our best men have advocated the abolition, or at least a substantial reduction, of the salt tax. I do

not want to tax the patience of the House at the fag end of the day. I will merely conclude by giving one quotation from a gentleman whose authority will be unimpeachable, and who is generally regarded as a pillar of the bureaucracy in this country, I mean Sir Dinshaw Edulji Wacha. This is his opinion:

"All through the history of the salt tax it has been said that it is a poll tax and that it falls heavily on the poor. My personal opinion is that it should have no place in our fiscal system, for it is a tax on a necessary of life."

I do not want to labour this point beyond saying that the salt tax in fact is a tax which ought not to find a place in our fiscal system. But if it cannot be abolished entirely, it is time enough that it should be reduced substantially. The poor people of this country feel it very heavily. The people who do not feel the weight of the salt tax are some of the officials and their henchmen on the other side, whose nerves have been shattered by eating immoderately the taxed salt of India.

Mr. Mukhtar Singh (Meerut Division: Non-Muhammadian Rural). I thank you, Sir, for giving me an opportunity of expressing my opinion on this subject. I am sorry Mr. Yamin Khan is not here. He happens to belong to the same town from which I come. But unfortunately I happen to belong to a village while he belongs to the town. That seems to be the difference. He has complained that we are told the same old story every day, the same arguments are repeated every year, and that every year the same question is raised. I would submit that my friend has not been able to grasp the arguments that are advanced by this side, and therefore he will have to hear the same arguments again and again till he has grasped them. That is why, Sir, we are being forced to repeat those very arguments. But I would submit, Sir, that he has spoken as a member for 14 years of a Municipal Board. But unfortunately, he was also a member at the time when the Municipal Board had a sort of monopoly during the war days to purchase the entire quantity of salt and to auction contracts for the sale of salt to their favourites. That is why my friend might have entertained an idea that it is the middleman that makes the profit out of the sale of salt. I can speak at least of the farmer and the agriculturist. He has to use a large amount of salt not only for his own eating but for the purpose of cattle, and therefore he has to buy large quantities rather than buy in retail. I submit therefore that the general population will be benefited by the reduction of the salt tax. I would like to quote the consumption of salt in the different countries of the world, not as it is stated by the agitator, but as it is stated by the Indian Taxation Enquiry Committee on page 135 of their Report. They say that England consumes per head 40 lbs., Portugal 35 lbs., Italy 20 lbs., France 18 lbs., Russia 18 lbs., Belgium 16½ lbs., Austria 16 lbs., Persia 14 lbs., Spain 12 lbs., and British India 12 lbs. I have calculated figures and I find that the amount of salt consumed per head in India comes to a little above 10 lbs. Perhaps the figures taken by the Taxation Enquiry Committee in 1924-25 might have been correct in those days, but now the consumption is a little more than 10 lbs. That shows how far the consumption has gone down. If we deduct out of the amount of salt consumed by the people of this country and the amount of salt given to the cattle, which are not less than 17,58,00,000 in this country, then the percentage of salt per head will come down to something less than 6 lbs. May I ask, is that a sufficient

[Mr. Mukhtar Singh.]

amount of salt that the people of this country should take? It is said that after all it is only a question of three annas per head. But may I tell the House that a gentleman who had been the Director of Agriculture of Bombay for at least 15 years, I mean Dr. Mann, while retiring, said that more than 66 per cent. of the people of the Bombay Presidency do not get two full meals. It is the verdict of a Director of Agriculture and he has advised the social reformers of this country that the first thing they ought to do is to provide the agriculturist with a full meal a day. It means that the people of this country are very, very poor, not only in the eyes of the people who sit on this side of the House, but also in the eyes of those who happen to go to the villages and study the main occupation of the country. This shows how deplorable the condition of this country is, and therefore the question of three annas is not a small amount that we should ignore.

There is another point on account of which I contend that there should be no tax on salt, or if there be one, it should be a very small one. I would not have spoken on this subject if the Honourable the Finance Member had not told us that the report made by the officer in charge was that it is not necessary to refer the matter to the Tariff Board at all. I would give certain figures to the House in order to give an idea as to the quantity of salt imported into this country. In 1921-22, the quantity of salt imported into this country was 4,72,427 tons. In the next year, the amount imported was 5,42,133. I have taken the average for the six years from 1921-26, and I find that the average is 5,34,500 tons. If you turn this figure into maunds, it will come to 1,44,31,500 maunds. We are importing salt in this country at the rate of about a crore and half maunds every year and this amount comes to about 30 per cent. of the entire salt consumed in this country. This shows that a country which abounds not only in saltish water but also in salt mines and a salt range is importing such a large quantity of salt. Perhaps we might be told that the salt that is imported into this country is of a superior quality than the salt produced in this country. May I enquire why the experts in the Central Government have not been able to manufacture salt of the same quality as the imported salt? Is it impossible for us to manufacture salt of this nature? Were we then not manufacturing ordinary salt in this country without this scientific knowledge? If the quality has not improved, where is the necessity for importing experts and giving them fat salaries? Government at least ought to have taken it upon themselves to see that salt of the nature of the imported salt is manufactured in this country. We are discussing a commodity which is practically the monopoly of the Central Government and if we find that in the case of a manufactured article, which is the sole monopoly of this Government we cannot compete with the imported salt, I consider it is very disgraceful. I go further and say that if there had been no duty on salt, we would have been able to send our salt outside and we would have made lots of money out of the export of this commodity. If we add to the import of salt the value of the other chemicals. I mean the compounds of sodium, we will find that another crore, and perhaps more than a crore worth of sodium compounds, are imported into this country. This shows clearly that we have not cared to compete with the imported articles. I know that out of the total amount of sodium compound imported into this country 43 per cent. comes from the United

Kingdom; but that should not have deterred us from manufacturing these chemicals in this country. We have seen that Dr. Paranjypte in the Taxation Inquiry Committee declared that he would like to see the rate reduced to about 8 annas in normal times, as the figures given above show that the consumption increased with the decrease in the duty. That is the opinion of one who sat on the Taxation Inquiry Committee, that 8 annas should be the duty in normal times. But still we have not made any provision for the reduction of the duty on salt. Unfortunately in this country the general principle of taxation is that luxuries should not be taxed, but the poor man's food must be taxed. Motor cars, for instances, are not to be taxed. Last year, Sir, I pointed out that motor cars are articles of luxury and the people who use cars can afford to pay higher duties for them. If there must be a reduction of duty on motor cars why should there be no reduction on this necessity of life?

One word more, Sir, and I have done. In India a man who wants to manufacture salt or anything out of salt has to pay the same duty on domestic salt as on imported salt. According to the Tariff Schedule the import duty on salt is the rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place. That is, the manufacturer in India has to pay the same duty as the person who sends the same article into this country. If we were to bear another factor in mind, the anomaly would be quite clear. Salt imported into this country is generally sold at more than Rs. 3-8-0 a maund while salt manufactured in this country is sold at a much less price than Rs. 3 a maund. The result is that the salt imported from foreign countries, which is of higher value, has to pay the same duty as the salt manufactured in this country. Taking the value of both these commodities into consideration, the imported salt has to pay a lesser duty than the salt manufactured in this country. Is that not a very inconsistent proposition? If salt manufactured in the country fetched the same price as imported salt there might be a reason for charging the same excise duty; but as things are, the position is very unjust. The matter ought to have been referred to the Tariff Board, not only for inquiry into this point, but also for the purpose of seeing in what way the rules should be amended so that the manufacturers and the farmers may be able to make proper use of this article. We have simply recognized by rules the curing of fish by salt, but salt is used in a good many other ways in this country by the agriculturist, and therefore it was but necessary that the Tariff Board ought to have gone into this matter and it should not have been thrown out on the simple ground that it does not satisfy the conditions laid down by the Fiscal Commission. I would submit, Sir, that the conditions laid down by the Fiscal Commission do not and cannot apply to this case, because it is a Government monopoly altogether and therefore the case of an ordinary manufacturer cannot be applied to this. But at any rate we find that the manufacturer of articles which are made out of salt is at a disadvantage in this country and that disadvantage ought to go. Therefore, I would submit that the clause as it stands should not be passed.

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

Mr. President: Mr. Neogy.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, one observation which the Honourable the Finance Member made, induces me to rise to say just a few words. The Honourable Member said that

[Mr. K. C. Neogy.]

imported salt is more suitable for Bengal. This may have two meanings. One is that so far as quality goes, Bengal has a preference for the imported salt, and the second meaning may be that it is not possible for Indian manufactured salt to be available in Bengal at a reasonable price. I believe my Honourable friend had both these meanings in mind when he said that imported salt is more suitable for Bengal. So far as the question of quality goes, the question of taste I should say, this taste has been determined by the fact that the indigenous manufacture of salt in Bengal has been altogether killed by the gradual process of importation of foreign salt at a convenient price. Bengal did not depend upon foreign sources for all time for her salt supply. If the Finance Member were to look into the Report of the Indian Taxation Enquiry Committee, he would find mention of the very many disabilities to which the Indian manufacturer of salt is at present subject. So far as the Bengal market is concerned, it is a question of freight more or less, because the Northern India and the Bombay salt sources are too far away to be able to send salt at an economic rate to Bengal by rail. For all practical purposes, therefore, Madras is the only possible source of supply to which Bengal can look; and so far as Madras is concerned, it is on record that the manufacturers in Madras asked for certain facilities as early as 1904 so as to be able to send salt on convenient terms to Bengal. They asked for certain facilities with regard to the institution of bonded warehouses for salt sent by rail. If the Honourable the Finance Member looks into the Salt Committee's Report of 1904, he will find that this request of the Madras manufacturers was unceremoniously turned down. This aspect of the question has also been referred to by the Indian Taxation Enquiry Committee in paragraph 176 of their Report. Now here comes in a question that ought to interest my Honourable friend, Sir George Rainy, because when we send our coal from Bengal side to Madras it goes there in full wagon loads. When the wagons come back, I am told they do not carry full loads on their return journey. My Honourable friend has readjusted certain items of railway rate this year. I would therefore request my Honourable friend, the Member for Railways, to carefully examine the ton mileage and the load carried by the coal wagons when they come back home from the Madras side. If

3 P. M. he finds that there is a case for quoting special rates for salt, after investigation into this point, I am sure my Honourable friend Sir George Rainy will do the needful by the time we come to the next railway budget. Then again, Sir, with regard to the question of the bonded warehouse system, I find that the whole system has been so designed as to suit only sea-borne salt. That is a fact which is admitted by the Indian Taxation Committee's Report. That is also a fact to which reference has been made in the Salt Committee's Report of 1904. It may be that the whole system was deliberately designed to benefit imported salt at the expense of the indigenous salt, so far at least as the Bengal market is concerned. It is not therefore open to my Honourable friend now to get up and say that imported salt is more suitable for Bengal. It is the Government policy that has made it so, and it is up to the Government now to remedy this matter. Now, Sir, the Salt Committee of 1904 said:

"It is unnecessary for Government deliberately to introduce the bonded system as an innovation into the ordinary conditions of the rail-borne traffic in salt. Its advantages do not seem to us to be commensurate with the disadvantages which it involves."

When I further looked into the Report I found that the advantages mentioned by the Salt Committee were all to the trade and to the consumer, and the disadvantages which they were thinking of were to Government; and the disadvantages consisted in a slight loss of duty payable upon quantities which would have to be written off as wastage if this bonded system was brought into being; and then again the Government would have to institute some sort of a supervision over the stock from the original source of supply up till the time when the salt next changed hands on its way to the consumer. So, it is all a question of surrendering just a little of the revenues of Government and putting up with just a little administrative inconvenience, factors which are, I take it, present also in the case of bonded warehouses which are exclusively for the benefit of the sea-borne salt. I therefore submit, Sir, that the Honourable the Finance Member as also the Honourable the Commerce Member should carefully go into this question and see whether some relief could not be given in this direction.

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

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I was painfully surprised to learn from the Finance Member that no *prima facie* case for submission to the Tariff Board as regards making India self-supporting in the matter of salt had been made out. Sir, last year when my Honourable friend Mr. Duraiswamy Aiyangar brought forward a similar cut in the salt tax the Honourable the Finance Member said that an official was inquiring into the question and as he (the Finance Member) would be in India another year more, he assured us of his sympathy about the reduction of the salt tax and that he would be able to tell us something definite about it this year. But this year he has entirely disappointed us in spite of his professed sympathy. What does the Taxation Enquiry Committee recommend? It says that the Government manufacture about 35 per cent. of the salt requirements of India and the Indian companies manufacture another 35 per cent.; in all they manufacture 70 per cent. of the salt requirements of India and only 30 per cent. of this salt is imported from outside. Therefore, salt has a clear case for protection. The Government had been pleased in the past to refer to the Tariff Board the proposals of an inquiry for the protection of an industry which supplies the requirements of India to the extent of 5 per cent. Take, for instance, the match industry of India. The present manufacture of matches is not more than 5 per cent. in India. The same is the case with the paper industry to which we granted protection last year. Even the steel industry does not supply more than 25 per cent. of the requirements of India; still the people demanded protection for that industry and Government asked the Tariff Board to inquire whether that industry should be protected or not. Sir, I do not understand why in the present case the Honourable the Finance Member is believing too much in the special officer who had been deputed to inquire into the case of salt manufacture and does not wish to refer the matter to an independent body like the Tariff Board,—who are believed to be an expert body—to inquire into the policy of protection and taxation in the matter of salt. My Honourable friend Mr. Neryy has just referred to what the Taxation Enquiry Committee said in regard to this matter and I would like to quote the following from the same Report. This is what they say on page 146:

“There are three defects in the protection of the salt industry :

(a) the long land journey from the monopoly source of the north;

[Mr. B. Das.]

(b) the handicaps on transport from Bombay and Madras; and

(c) the fact that the quality of salt which is consumed in Bombay and Madras is not acceptable to Bengal and Burma.

To remedy these defects the Committee are of opinion that an inquiry should be made as to the extent to which the handicaps on the Indian manufacturer can be removed by removing the limitation on the tonnage of the vessel and by modifying and making uniform in both provinces the regulations regarding transport in bond and the charge of duty for losses on the voyage, *by examining the possibility of giving lower rates of railway freight for salt loaded in returning coal wagons and by opening inland bonded warehouses for salt imported by rail.*"

My Honourable friend Mr. Neogy just referred to it, but I have thought fit to quote the whole passage. It shows clearly, Sir, that when an industry meets the requirements of the country to the extent of 70 per cent., it is an industry that ought to be specifically investigated by the Tariff Board in order to find out whether a system of protection can be introduced in India by which the excise duty on salt can be abolished and a protective duty on imported salt can be levied.

Sir, there was one particular passage in the Honourable the Finance Member's speech which, coming as I do from Orissa, rather pleased me to a certain extent. It ran as follows:

"There are other particular questions as to the possibility of usefully protecting or encouraging the industry in other parts of the country which, as I said, are being examined and so on."

Well, Sir, I had hoped that the Government would ask the Tariff Board to inquire into the case of protection of the salt industry in order to make India self-supporting. Pending that inquiry, I do feel that something should be done for the salt industry on the Orissa coast. If the protection for the encouragement of Orissa industries is extended and the Local Government is authorised to abolish the salt duty so that people can manufacture salt which is the main source of livelihood in that part of these barren territories where there is no other means of livelihood, it will help the people of Orissa very much. I feel that this bit of good news which the Honourable the Finance Member gave was due to the agitation that I and my friends from Bihar and Orissa have constantly been making on behalf of the people of Orissa. And if the Honourable Member again speaks on the subject I would like to know a little more in detail.

The Honourable Sir Basil Blackett: Sir, I do not propose to detain the House long on this subject. There were one or two points which were raised, with which I desire to deal.

There was one thing in Mr. Joshi's speech which I should like first of all to mention. He spoke of a famous shrug of my shoulders. This morning I was accused of shaking my head in a significant manner, when I was only shaking off a fly. Until I read the papers I was unaware of the fact that I had been shrugging my shoulders, and I propose to take a lesson from that paper how to do it.

Mr. Joshi's speech was mainly concerned with the question of the abolition of all taxes on those who are at or near the margin of existence. I am afraid I cannot agree with the fiscal policy which Mr. Joshi's principles would lead to. That you do not want to impose heavy taxation on those who are on the margin of subsistence is undoubtedly perfectly sound,

but there are many other arguments for the salt tax which I think, as in the circumstances of France, Italy, etc., justify its retention in India at a moderate rate. People have spoken glibly of this being a very heavy tax, but it is at a very moderate rate. If you take the present index number of the cost of living, the present rate of Re. 1-4-0 is considerably below Re. 1 at which it stood in earlier times.

Mr. Mukhtar Singh seemed to think that the difficulty about the imposition of differential duty on imported salt as against indigenous salt was that Government do not believe that salt of a proper quality could be produced locally. I have no doubt that it would be possible at a cost to produce absolutely first class salt in India. The difficulty is a question of geography.

Mr. Neogy, who made a very moderate and carefully thought out speech this morning, was a few days ago eloquent on the injustice done to Bengal. Our difficulty is really this, that if you were to impose a differential duty on imported salt, as compared with indigenous salt, even if you were to abolish the duty in India and impose a duty on imported salt, you would be imposing differential taxation against the consumer and particularly the Bengal consumer. That is due to the geography of the situation.

I have to apologise to the House that the Government's decision on the question of referring this subject to the Tariff Board was not announced at an earlier date. The decision was taken some time ago, but there were very tricky details which have held the matter up. But I hope when Honourable Members see the Resolution which will issue on the subject, they will realise that the Government of India, Sir George Rainy's Department and the Finance Department, have considered this question with every sympathy, with every desire to see whether it was not possible to introduce a differential duty. The Taxation Enquiry Committee recommended that if a *prima facie* case was made out, it should be referred to the Tariff Board. The reason why it has not been referred to the Tariff Board is that a *prima facie* case cannot be made out. I hope Honourable Members will study the Resolution when it comes out and will realise that the difficulties are very great. I am afraid I cannot encourage Mr. Das in his hope that the part of the country which he refers to is likely to come in for differential treatment. I am afraid that the special cases that I was thinking of do not include the locality which he had in mind. We are now discussing the question that clause 2 stand part of the Bill; and before the House votes on it I want to put a point to them in the hope that they will refrain from a division on this subject. We have already decided that the salt tax shall not be reduced from Re. 1-4-0 to one rupee or to eight annas. If the clause is now rejected, the obvious course for the Government, and indeed the obvious reading of the decision of the House, must be that it does not desire to legislate annually on the subject but desires to leave it to the Government to use the powers which the Government possesses without coming to this House to fix the rates. So the omission of the clause would not in any way affect the powers of the Government to fix the salt tax, and I do not want that the House, after the convention has been in existence for many years that the House should year by year fix the rate of salt duty, should by its own motion without really considering what it is doing, throw the Government back on powers which are not taken annually. I would, therefore, ask the House to realise that the Government have been fully and sympathetically considering this question of a differential

[Sir Basil Blackett.]

duty on imported salt, and that so far as this year's finances are concerned, we cannot do without salt tax at the present rate, and that if the House were now to reject this clause, they would not be furthering the cause of the reduction of the salt duty. In these circumstances I trust the House will now allow the clause to go through and will allow us to pass on to the next subject.

Mr. President: The question is:

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

The motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 and 4 were added to the Bill.

Mr. President: The question is:

"That clause 5 do stand part of the Bill."

Sir Victor Sassoon.

The Honourable Sir Basil Blackett: On a point of order, Sir. If Sir Victor Sassoon rises, as I believe, to move the amendment that stands in his name, I would submit to you that his amendment is not in order. This amendment says:

"Provided that no company shall be required to pay super-tax on revenues received as dividends from another company if super-tax has already been paid by the latter company."

Now, section 55 of the Indian Income-tax Act reads as follows:

"In addition to the income-tax charged for any year, there shall be charged, levied and paid for that year in respect of the total income of the previous year of any individual, unregistered firm, Hindu undivided family or company, an additional duty of income-tax (in this Act referred to as super-tax) at the rate or rates laid down for that year by Act of the Indian Legislature:

Provided that, where the profits and gains of an unregistered firm have been assessed to super-tax, super-tax shall not be payable by an individual having a share in the firm in respect of the amount of such profits and gains which is proportionate to his share."

The amendment that Sir Victor Sassoon is proposing to move should, I submit, be an additional proviso to section 55 of the Act and is not in order as an amendment to a Bill which simply fixes rates of income-tax.

Sir Victor Sassoon (Bombay Millowners' Association: Indian Commerce): On that point of order, Sir,—I have not got a copy of the Act with me—but I understand that the Honourable the Finance Member mentioned firms. This refers only to companies and to companies which come under the Schedule of Part II.

The Honourable Sir Basil Blackett: My point is, Sir, that the clause fixes super-tax for firms, companies, etc., and makes a special proviso in regard to firms; it makes no special proviso in regard to companies; and if it is desired to introduce a special proviso in regard to companies it should be introduced as a proviso to the Indian Income-tax Act and not on the Finance Bill.

Mr. President: Has the Honourable Member (Sir Victor Sassoon) anything to say on the point of order?

Sir Victor Sassoon: I disagree with the Honourable Member. (Laughter.) It seems to me that as company is mentioned here—it is a case of a company being taxed one anna in the rupee—we are entitled to add a proviso if we should so wish and that there is no objection to the Honourable the Finance Member resisting my amendment to the proviso, in which case I shall take it that the House, if it votes against it, will agree with him and not with me.

Mr. President: The question raised by the Honourable the Leader of the House is a very important and a very difficult one too. According to the strict interpretation of the Preamble to the Bill which we are now considering, perhaps I would be inclined to agree with him that the amendment is out of order, but I am disposed to put a wider construction on the scope of the annual Finance Bill as distinguished from ordinary Bills. Further, if the Assembly has under the Finance Bill power to fix rates of income-tax, it has equally I believe the power to say which incomes shall be exempted from that tax. I therefore rule that in this particular case the amendment is in order.

The Honourable Sir Basil Blckett: Sir, I do not wish to dispute your ruling on this particular case, but may I ask you not to put the ruling in a form that will mean that in future Finance Bills the whole of the Income-tax Act is up for consideration, because I am afraid that is one of the results of the ruling if widely interpreted?

Mr. President: I would ask Government to be more careful in future in framing Preambles to their Bills.

Mr. L. Graham (Secretary, Legislative Department): May I suggest, Sir, in regard to the Preamble, that it is drawn up with extreme care and I do not see that there is any possibility of misunderstanding. It is very narrow indeed, Sir.

Sir Victor Sassoon: I thank you, Sir, for your ruling, and I will proceed to read my amendment:

“That in clause 5, to sub-clause (2) the following proviso be added:

‘Provided that no company shall be required to pay super-tax on revenues received as dividends from another company if super-tax has already been paid by the latter company.’”

The House will probably have gathered from the point of order which has been raised that I am not trying to throw out the super-tax on companies entirely. My amendment is a very limited one. It does not deprive the Government of the revenue which it will receive from super-tax on companies. It merely lays down the very limited proviso that where a company receives dividends from another company which dividends have already paid the 10½ per cent. tax to the Government, that company should not be asked to pay another 10½ per cent. on the same dividend. The House will realise that we might have 3 or 4 companies each holding the shares of the other, and so when eventually paying the dividend to the shareholders there would be very little left of it. This particular part of the company's super-tax, if I have been informed correctly, brings in very little as far as British India is concerned, but it does, I understand, bring in some revenue as far as Burma is concerned, and I hope

[Sir Victor Sassoon.]

to be able to show this House that the loss in revenue which my amendment may entail is one that will more than come back in another form, if not in the first year, certainly later on. I propose, therefore, to explain to the House the type of company which, I think, should be encouraged in this country. I refer to the public trust companies which have been in existence for many years in Scotland, for instance, and which have been of enormous service not only to the small investor in Scotland and England but which have also been of service to the Government at Home.

The method of operation of these trust companies is something on the following lines. The trust deed lays down that a certain per cent. of the capital must be invested in trust securities, a certain per cent. must be invested in mortgages, bonds and preference shares, and only the balance may be invested in ordinary shares, that more speculative investment which brings in a larger revenue. It is also sometimes laid down that of the yearly profits a certain amount must be reinvested. The result of this scheme is that an investor who invests in one of these companies has got his investment spread over a large field. He is in the same position as the rich man who puts some of his money in Government paper, some in preference shares and only some in ordinary shares. Although his stake is a small one he has the same advantage that the rich man has. He has another advantage. He may at the beginning get no larger return for his capital than he would if he had invested it in Government securities, but from the operation of part of the yearly profits being reinvested, he will naturally be yearly getting a larger return. In fact, this company is really a saving machine and so this type of company is a very attractive form of investment to a man of careful habits who has not got the opportunity of studying the movements of investments on the Stock Exchange and does not know how to take advantage of them. I may inform the House that at the present time there have been an enormous number of these companies started in America. This type of investment is becoming very popular over there. And the House must not forget that sometimes these companies group themselves together—(I know of a case in which 22 companies have grouped themselves together)—to reinvest their yearly savings. What do they do? They underwrite big issues, the issue of a share or bond in which they would like to invest. They therefore get those shares or bonds not at the issue price but at the issue price less the underwriting commission. That is to say, the small shareholder in these conditions is in exactly the same position and gets the same advantage as the very large finance house which goes in for underwriting big issues. In this country this type of public trust company is entirely non-existent and the reason is, as I have said, because it is impossible to get the investor to put his money into a concern of this kind when he is told that the company, before it pays a dividend, will have to pay an extra 10½ per cent. on dividends it may receive from other companies.

I would like now to take up the point as to whether the Government would eventually lose if my amendment were passed. If these companies were encouraged, the Government would in the first place only lose revenue by that portion of the investment which is invested in shares of other companies, but it would get its full anna in the rupee tax on all the

investments in Government paper, in mortgages and in debentures, in other words, in all those investments which have not already paid their anna, and I maintain that the Government in this way would even at the outset get a revenue which would at any rate largely make up any loss which it might make in Burma at the outset. There is another advantage to Government. We have heard the Honourable the Finance Member pointing out that he is forced to issue sterling loans because he has not been able to find sufficient capital available in this country for his rupee needs. Here we have a potential source of capital, and as has been found by other countries, a very valuable potential source, because it should be remembered that of the amount which has to be reinvested you have still to reinvest 25 per cent. in trustee securities. It is that 25 per cent. which will be invested in Government securities and thus be a very valuable potential source for the Government to tap by the sale of bonds, and issue of loans. So, from both those points of view, I submit that not only would this amendment of mine benefit the investor of this country, but it might even bring out investors who for the present hoard their sayings in bullion, and it will also be of advantage to the Government both from the revenue point of view and from the point of view of a ready market for their future issues. It may be said, who am I to put forward these schemes against the wisdom of the Treasury Benches. I can only say that, if India is so right in this example of her taxation, it is strange that no other country has imitated her. There have been cases where countries have had some form of company-tax, but in no case that I have come across has that tax had to be paid again simply because the shares of one company were held by another company. That being so, I think that I have the experience of the civilised world on my side, because surely, if it were to the advantage of a country to get extra revenue in this way, that source of revenue would not have been neglected by other countries, and as it has been neglected, I suggest that it is for very good reasons. I do ask the House to support me in removing an obstacle to the financial progress and the development of this country.

Sir, I move.

The Honourable Sir Basil Blackett: Sir, if anything was needed to convince me that the moving of such an amendment on the Finance Bill is extraordinarily undesirable, it would be the speech of the Honourable and gallant Baronet. I would point out to him that the Finance Act has a life of one year. There is, I believe, at present an important case in court which has some bearing on this particular provision. We should, if we introduced this amendment in the Finance Bill of 1928, make a change in the income-tax law for the year 1928-29, only for that year, and we should have the position that this provision does not apply to any of the existing cases and will not presumably apply to any cases after the year 1928-29 unless a similar provision is re-enacted in the following year. Nobody would know where they are. That is really a very important point from the point of view of the tax-payer. He cannot tell from year to year what is the law relating to income-tax if it is subject to be changed annually in the Finance Bill, and not changed for good, but for merely one year only. That surely is a point which should make the Honourable Member pause in pressing his amendment.

As to the financial effect of this amendment we have no very definite information. I am told that it will cost us something like Rs. 20 lakhs.

[Sir Basil Blackett.]

The Honourable Member argues that we should get that Rs. 20 lakhs back, but I do not think that it is any great consolation to a Government if it taxes some people less by Rs. 20 lakhs than it proposes to tax to-day, and some part of the Rs. 20 lakhs will be lent to it. The Honourable Member's argument is that it will come to Government as subscriptions to loans. One part of his argument is

Sir Victor Sassoon: I am sorry the Honourable Member has misunderstood me.

The Honourable Sir Basil Blackett: I have not misunderstood the Honourable Member. He has two arguments. One is that part of it will come back as tax and the other is that our loans will be more successful.

Sir Victor Sassoon: That is an extra advantage.

The Honourable Sir Basil Blackett: The extra advantage of borrowing money which we now get as tax is not one that greatly appeals to me.

Another very strong objection to this amendment is this. In an income-tax Bill which is now before a Select Committee we have been dealing with the problem of preventing evasion of tax by the creation of bogus holding companies. If anybody can imagine a better means of increasing that evasion than by introducing an amendment of this sort at this stage, I shall be very glad to have his suggestions. Obviously if you pass this amendment you are greatly increasing the danger of the creation of bogus holding companies. I do not propose to follow the Honourable Member's argument any further because I believe that it must appeal to the commonsense of this House that, whatever the arguments for and against this amendment, it is most undesirable that we should introduce it as an annual provision subject to change next year in the Finance Bill of this year.

Mr. President: The question is :

"That in clause 5, to sub-clause (2) the following proviso be added :

'Provided that no company shall be required to pay super-tax on revenues received as dividends from another company if super-tax has already been paid by the latter company.'

The motion was negatived.

Mr. President: The question is :

"That clause 5 do stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Mr. President: The question is :

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

Pandit Thakur Das Bhargava (Ambala Division: Non-Muhammadan): Sir, I 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’.

I know that Mr. Duraiswamy Aiyangar and others who preceded me in the order of their amendments have not chosen to submit to the House their own amendments very probably under the idea that they cannot carry through this amendment.

Mr. C. Duraiswamy Aiyangar: My Honourable friend is mistaken. We have given up the question of letters and the question of cards comes below.

Pandit Thakur Das Bhargava: I am not despairing whether my amendments are carried or not; once I have tabled them I should not fail to move them. I do believe that the rates of postage are too high for the people of India. The question arises whether this department is a department which should pay for itself. The Honourable Member in charge of the Postal Department said on the previous occasion that since the House wanted that the postal employees should be given better prospects and pay and as money was not to be found for this department, therefore the rates should not be reduced. I said on that occasion in relation to postcards, and I repeat it again, that so far as this part of the House is concerned they view this Postal Department from another standpoint. So far as this part of the House is concerned, they regard it as a nation-building department. They regard it as a department which will help literacy and spread of education and provide easy means of communications for Indians.

The Honourable Sir Bhupendra Nath Mitra: May I ask which particular amendment the Honourable Member is moving?

Pandit Thakur Das Bhargava: I have moved No. 18. But so far as the question of principle is concerned, there is no difference between this amendment which relates to postcards and the amendment which relates to letters. The argument is exactly the same. I have moved amendment No. 18.

Mr. President: Order, order. The Honourable Member was called upon to say whether he moved his amendment No. 15 or not, and without saying anything about it he straightaway took up No. 18, thus superseding Mr. Vidya Sagar Pandya who was very anxious to move his own amendment No. 16. Is that so?

Mr. Vidya Sagar Pandya: Yes, Sir.

Pandit Thakur Das Bhargava: I see the point. I understand that since the amendment No. 15 relates to letters and No. 18 relates to postcards the question arises whether I am giving up my amendment relating to letters. I am not giving up that.

Mr. President: What does the Honourable Member mean? The Honourable Member just told the Chair that he was moving No. 18. Does not that mean that he gives up No. 15?

Pandit Thakur Das Bhargava: That was a mistake. I propose to move both the amendments.

Mr. President: How can he move No. 18 when he already has No. 15 down on the paper which he wishes to move.

Pandit Thakur Das Bhargava: I am sorry if by mistake I have moved No. 18. I wish to move No. 15 which comes in point of order first. The amendment runs thus:

“That in Schedule I to the Bill, in the proposed first Schedule to the Indian Post Office Act, 1898, in the entries under the head ‘Letters’ for the words ‘One anna’ the words ‘Half an anna’ be substituted.”

Now, Sir, I was submitting that the grounds for reduction of postal rates in respect of postcards are exactly the same as those in relation to letters. A friend of mine has just questioned this part of my arguments. I will first address myself to answering him. If the reduction of postal rates is moved in this House on the ground that literacy should be encouraged and that this Department is not only a commercial department but a nation-building department, then I submit there is absolutely no reason why those who are in favour of the reduction of postal rates in regard to postcards should not favour the idea of reducing the rate on letters.

Mr. C. S. Ranga Iyer: “Half a loaf.”

Pandit Thakur Das Bhargava: Then, Sir, the reply comes that half a loaf is better than no loaf. Herein also I would join my friends if the responsibility of finding the money for providing for this reduction could be placed on this part of the House. The difficulty is that the Government will not hear us when we make constructive proposals. The only way in which the Government wants to balk this House is that they want to say that we are in the habit of making destructive criticisms. In fact responsibility begets responsibility. I should like to see that the cuts made in this House are not restored by the Government if the Government is really sincere in wishing this House to make constructive proposals. I also see that more money will have to be provided if the postal rates regarding letters are to be reduced. But at the same time if that responsibility is taken away I do not see any reason why the same ground should not apply in the case of letters as in the case of postcards. That is my point. why I move my amendment in respect of letters also.

Now, Sir, it will be said, as was said last year, that this is a commercial department. Now if this department is left alone and the Telegraph Department is not tacked on to it, then I believe that a proper handling of this department would make it self-sufficient. If this department has got any affinity at all, it has got an affinity to the Railway Department as both of them provide easy communications for the poor people of India. If this department is separated from the Telegraph Department and it so happens that the postal part of Sir Bhupendra Nath Mitra is espoused with Sir George Rainy, then I consider that the legitimate progeny of that union will be a reduction in the postal rate. There will be no difficulty whatsoever, and this department will be self-sufficient and this reasoning would not be allowed to find favour with any person. Now, Sir, it will be said that the postal rates are very cheap and you cannot find any other country in which the postal rates are so cheap. The question arises, why are the postal rates so cheap in India? The sole reason is that you can find

in India cheap labour and other conditions which enable the postal authorities to go on with this cheap cost. If that is so, if, because labour, etc., are cheap in India, you are running this department cheap, then I would say that you must have an organic connection between this department and the people of India. The people of India are poor, and it follows that they must have a cheap system of postal rates. (*An Honourable Member*: "There ought to be free postage.") My friend interrupts me and says that there ought to be free postage. I for one would like that consummation (Hear, hear) even to come into existence to-day. On the last occasion we heard Mr. Joshi speak on this point and he submitted that before bread and water were free, there was no reason why there should be reduction in postal rates. Now when we claim and submit that the postal rates should be reduced, we should not be met by an objection of this nature. This objection has only to be stated to be turned down by the House.

An Honourable Member: Why?

Pandit Thakur Das Bhargava: The question is whether these postal rates are not too high in India. I would like to hear the statistics about any other country in which the postal rates would bear the same ratio to the earning capacity of the nationals of that country. It is no use telling me that in such and such a country the postal rates are dearer than what obtain in this country. I would like to have statistics on this point and I am open to conviction. If the reduction of postal rates is a condition precedent to the stoppage of all kinds of progress in this department, I for one would not vote for the reduction of postal rates. If the argument made out by the Member in charge of the Postal Department were really correct that if we reduce these postal rates, then further expansion of the department and further improvements in postal services will have to be avoided, I would rather have expansion and postal improvements than reduction of rates; but I do not believe that this is the case. Moreover, as I have just submitted, there is absolutely no reason why this House will not grant a subsidy from the general revenues to this Department if a case is made out for the grant of such subsidy. I do not know of any other argument which could be advanced on behalf of those who want that the rates should not be reduced. I submitted on the last occasion and I submit to-day again that all the departments of the Government of India are run from a certain standpoint, and that standard does not represent the standard of the poor man. We have just heard about the salt tax and we have been hearing in this House very many things which touch the pockets of the poor. The question is whether in all these matters you would ever take the standpoint from which the poor man would like to see that you view this question. In every case we find that that standpoint is not acceptable to the bureaucracy and the Executive Councillors. I hope that they will think twice before rejecting this demand which is always made every year on behalf of the House. I therefore submit, Sir, that the case for reduction of postal rates is very strong and if the words of the Member in charge of the Postal Department are to prove true—as he himself stated two years ago that if we want progress, if we want education, then we must reduce postal rates before providing means of education—if those words are to prove true, then he ought at least to be the first person to welcome an amendment of this kind.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, I beg to move the amendment which stands in my name, that:

“In Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898. . . .”

Mr. President: The Honourable Member need not take the trouble of reading his amendment if it has already been moved.

Mr. Vidya Sagar Pandya: So far as I am concerned, I do not propose to touch the first $2\frac{1}{2}$ tolas of the weight of letters which is charged at the rate of one anna per $2\frac{1}{2}$ tolas. What I am concerned with is only the rate which is charged on the subsequent $2\frac{1}{2}$ tolas of each letter. There are many anomalies in the postal rates of the Indian Post Office, but this is one of the most striking; and it is not my intention to touch the other anomalies, but only deal with this particular matter. If we turn to the English rate for inland letters we find that they charge three half-pennies for the first two ounces and for every subsequent two ounces they charge only a half-penny, while in the case of our letters the first one ounce is charged at the rate of one anna and every subsequent ounce is charged also at the rate of one anna. The result is that whereas a letter in England is carried at a much cheaper rate, the letter in India is carried at a much higher rate. As our Finance Member has assured us that our rupee has been stabilized, I would like to compare these rates according to the new ratio of our rupee. (*An Honourable Member:* “Question.”) We find. . . .

Mr. President: What is the Honourable Member doing?

Mr. Vidya Sagar Pandya: I am trying to show, Sir, that our rate works very heavily compared with the English rate for a letter after the first $2\frac{1}{2}$ tolas weight.

Mr. President: I notice that there is some difference between the two amendments, Nos. 15 and 16. I am unable to understand what that difference is. Will the Honourable Member merely content himself by supporting No. 15 or does he wish to move No. 16?

Mr. Vidya Sagar Pandya: I wish to move my amendment No. 16.

Mr. President: What is the difference between Nos. 15 and 16? Will the Honourable Member explain?

Mr. Vidya Sagar Pandya: The difference is that amendment No. 15 wants reduction in both the entries, *i.e.*, the first and second parts; I want reduction only in the second entry. No. 15 deals with both the first $2\frac{1}{2}$ tolas as well as the subsequent $2\frac{1}{2}$ tolas and I want reduction only for the subsequent $2\frac{1}{2}$ tolas and not for the first $2\frac{1}{2}$ tolas.

Mr. President: The Honourable Member can now go on with his speech.

Mr. Vidya Sagar Pandya: Now, Sir, if we compare the English rates, we find that in England for 5 tolas they charge 3 pennies and for every subsequent 2 ounces they charge only a half-penny. That is to say, the rate for the subsequent 5 tolas is only one-third of the first 2 ounces, whereas in the case of the Indian rate we have got the same rate both for the first $2\frac{1}{2}$ tolas as well as the subsequent $2\frac{1}{2}$ tolas. Now, if we compare the rates and go into the details, we find that, while we have to pay 2 annas for

carrying 5 tolas, they pay only 16 pies to carry 4 ounces or ten tolas; thus in the case of our first one anna we pay nearly 50 per cent. more than the English rate. As we proceed further up we find that, while we carry for our 2 annas 5 tolas, they carry practically 15 tolas. Similarly, while for 3 annas our letters carry only $7\frac{1}{2}$ tolas, their letters for $26\frac{2}{3}$ pies carry 15 tolas. Proceeding further up, we find that we pay 4 annas for our letters weighing 10 tolas, they can for the same amount post a letter weighing 35 tolas while their $5\frac{1}{2}$ pies carries 5 tolas we have to pay 24 pies for it. The result is that we practically pay $4\frac{1}{2}$ times as much as the English rate in the matter of weight beyond the first $2\frac{1}{2}$ tolas.

It may be urged in this connection that the English inland rate is cheaper because the distance which the letter has to travel is not so much. In the case of India, however, the distance to be travelled is very great. In that connection I should like to draw the attention of the House to the foreign rates for our letters. We are charged for our letters to the United Kingdom 2 annas for the first $2\frac{1}{2}$ tolas and for subsequent $2\frac{1}{2}$ tolas $1\frac{1}{2}$ annas. That is to say, we give a reduction of half an anna for every subsequent $2\frac{1}{2}$ tolas, while we do not allow that reduction in the case of our inland letters. Similarly, in the case of foreign letters to countries other than the United Kingdom, Egypt and other British possessions, we are charged 3 annas for the first $2\frac{1}{2}$ tolas and $1\frac{1}{2}$ annas for the subsequent $2\frac{1}{2}$ tolas. The result is that we allow a reduction of $1\frac{1}{2}$ annas for every subsequent $2\frac{1}{2}$ tolas, whereas we do not allow any reduction in the case of the inland letters. I submit, Sir, that if we adopt a lower scale for the subsequent $2\frac{1}{2}$ tolas, the work of the Post Office both in the matter of carrying as well as sorting and in other directions will be minimised and at the same time the cost of carrying the letter will not increase. Sir, the Honourable the Finance Member in his budget speech on page 93 said:

"I am not sure myself whether it will ever be possible to run the Department without a subsidy from the tax-payer at much less than the present postal rates, regard being had to the index number of the cost of living to-day and the consequent increase in the wages bill."

I think that argument very fallacious. Surely the wages in England are much higher than those in India, and it should not cost more to carry letters as it costs in England. But we find that the rate for every subsequent 2 ounces in England is only a half-penny or $5\frac{1}{2}$ pies, while we pay one anna or 12 pies for every subsequent 1 ounce only.

Probably the difficulty in cost is due to the mismanagement of the department. For you will observe in the same speech the Finance Member has said:

"The increased loss has been brought about mainly by the fact that an additional sum of 8 lakhs has had to be provided to enable the book value of a large volume of surplus, obsolete and overvalued stores to be written down to their current values."

The Honourable Sir Bhupendra Nath Mitra: May I point out that that remark applies to the revised estimate and has nothing to do with the Budget?

Mr. Vidya Sagar Pandya: However, similar mismanagement has cost the tax-payer a large amount of money in writing off this overvalued and obsolete stores in the past. The result is that with such mismanagement it is difficult to reduce postal rates in this country, and if the department

[Mr. Vidya Sagar Pandya.]

were better managed we could easily have had a better rate of postal charges if the department had worked on the right lines.

Mr. K. Ahmed: Appoint postmen in extra post offices in the villages.

Mr. Vidya Sagar Pandya: Now it will be urged that a sacrifice of $\frac{1}{2}$ anna in every subsequent 2 $\frac{1}{4}$ tolas will involve a great deal of financial sacrifice. I have not been able to get from the department the exact amount of loss it would involve, but I think if extra facilities were given it would lead to more letters being posted, and any deficit on that score will to a great extent be covered by the facilities now granted. It is just possible that the Postal Department cannot work on a commercial basis and, as has been suggested, the rate-payer will have to give a regular subsidy to maintain the Post Office. It is better that from other sources of income from the Government of India a subsidy is given, and if a tax is levied in other proper directions this loss can be easily recovered, and the reduction in postal rates will be a great help to the general public.

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

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, in the entries under the head 'Letters' for the words 'One anna' the words 'Three quarters of an anna' be substituted."

Sir, my condition is the condition of a drowning man who wants to catch at a straw. If the amendments that have been moved fail, then in order to square up the bargain I propose that instead of reducing it to half an anna, *i.e.*, by 50 per cent., let it be reduced by only 25 per cent. That is not a great hardship on the Exchequer, but at the same time it will relieve considerably the poor. That shows how strong is the feeling on this point. The increase in the postal rates was only a temporary measure and when we have reached normal days it is but fair that we should revert to the old postal rates. With these words, Sir, I move my motion.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, I find it somewhat difficult to find out from the speeches of the three speakers who have spoken on certain motions which are not wholly allied to one another, what they are really driving at. Pandit Thakur Das Bhargava, who moved the first of these amendments, wanted to establish the principle that the Postal and Telegraph Department should be run as a sort of benevolent institution. That principle has definitely been opposed in the past by various Honourable Members opposite. I have quoted from their speeches on various occasions in the past; and the correct principle is so well understood, so far as I am aware, that it is hardly necessary for me to dwell on the point at any great length. I shall read only a small extract from a speech of one of the Honourable Members opposite in this House as early as the 18th March, 1921. This is what the Honourable Member said:

"I should be the last person to make the Postal and Telegraph Department run as a charitable institution or as an institution intended for the benefit of the public at large. I see no reason whatever why, if I have to send my letter by post for my own convenience or the convenience of the addressee, somebody else, some other Honourable Member, should contribute his quota to the cost of the carriage of that letter. It is my work and I must pay for it."

In fact, that brings out clearly the object of this department. The department exists to render certain services to the public and it pays for the cost of those services out of the fees which it levies for these various services.

Mr. K. Ahmed: But you do not appoint postmen to deliver letters; at the same time you take half an anna and one anna for your card and letter.

The Honourable Sir Bhupendra Nath Mitra: I am glad of the interruption which my Honourable friend, Mr. Kabeeruddin Ahmed made. I shall come to that pretty soon. My friend, Pandit Thakur Das Bhargava, argued, I think, that this Postal Department should be utilised as a means of disseminating education, and he quoted me as supporting some such proposition in the past. I have no recollection at all of having ever supported or subscribed to that wholly unsound proposition. I think I said on one occasion that the opening of a post office should follow the spread of education. Take, for example, a particular village; if the men there are wholly illiterate, there is no use our opening a post office there. When literacy has grown in that village, then it may be necessary to open a post office in that particular village. So far as I am aware, in no country in the world is the function of the Post Office different from what I have set it out to be, namely, that the Postal and Telegraph Department undertakes certain services and it levies certain rates the aggregate yield of which pays for those services. As a matter of fact, in many countries in the world—take England in particular—it is the policy of the Government to make a profit out of that department; and in England, I believe, the profit at the present moment amounts to as much as six million pounds or over, and still the Government there does not think that it is essential to reduce the postal rates. In India we have adopted this definite principle at least in recent years that the rates for the various services should be so adjusted that the revenue earned by the department as a whole from these various fees or rates should equal the expenses of the department. We consider that if the department does manage to secure more income from these various fees than is required to meet the expenses, the first charge on the surplus revenue is the development of the department and its maintenance in a proper state of efficiency. And here I shall turn to my friend Mr. K. Ahmed. In pursuance of this policy we have been trying our best to open every year a larger number of post offices mostly in rural areas than it has ever been possible for us to do in the past. I shall give certain figures. In the nine years ending 1924-25, we opened 780 new post offices. In the year 1925-26, we opened 556 new post offices; in the year 1926-27, we opened 863 new post offices; and in the current year 1927-28, in eleven months, we have opened 946 new post offices, and I am pretty sure that before the year is over, the number of new post offices opened will exceed one thousand.

Nawab Sir Sahibzada Abdul Qaiyum (North-West Frontier Province: Nominated Non-Official): Is it not a fact, Sir, that during the last two years I have been trying to get a combined post and telegraph office at Topi for a rural area having a population of not less than 20,000 souls and have failed to get it.

The Honourable Sir Bhupendra Nath Mitra: I am sorry, Sir, I have no knowledge of the specific case which the Honourable Member mentions. If he will let me know the facts of that case I shall try my best to help him. I think my friend Mr. Ram Narayan Singh last year suggested to me that we might open some new post offices in his part of the country. I asked him to let me have a statement indicating the places where he wanted to have those post offices opened and also some information . . .

Mr. K. Ahmed (Rajshahi Division: Mubammadan Rural): But my complaint was that you do not deliver letters to addressees and they have to come to the post offices for them, as there is no postman at all.

The Honourable Sir Bhupendra Nath Mitra: Please wait. I would have dealt with Mr. Ahmed's complaint but for the interruption of my friend Sir Abdul Qaiyum. Now, after a year's interval my friend Mr. Ram Narayan Singh sent me only two days ago a statement, and if he now stands up and says that new post offices have not been opened in his part of the country, well, the fault is not mine.

Nawab Sir Sahibzada Abdul Qaiyum: I got a letter from the Director General for the Punjab Postmaster General and there was some correspondence about it, but the final reply was that there was no specific reason for opening the office as there was no official correspondence.

The Honourable Sir Bhupendra Nath Mitra: I could not possibly discuss here the case of individual stations. If my Honourable friend will let me have particulars of the case which he refers to, I shall certainly look into the matter.

My friend Mr. Kabeeruddin Ahmed's complaint was that there may be post offices in rural areas but we have not got an adequate number of postmen there.

Mr. K. Ahmed: Not even one.

The Honourable Sir Bhupendra Nath Mitra: That is precisely the reason why we want more money to maintain the services in a state of efficiency and that is why we cannot afford to reduce the postal rates. Having opened a new post office we will have to staff it gradually with an adequate number of postmen and postal subordinates of all classes, as money can be made available for the purpose. I think I have several times explained on the floor of this House that the rural post office, when first opened, does not pay its way. Therefore, at that stage we have to put in there the minimum staff. It is the experimental stage. As the business grows, we put in more men into that post office.

Mr. K. Ahmed: But you charge that half an anna and one anna all the same on postcards and letters.

The Honourable Sir Bhupendra Nath Mitra: That money is required to maintain the department in a state of efficiency to develop it. Our policy is to make maintenance in a state of efficiency and development the first charge on any available funds. Development and maintenance in a state of efficiency include three items, firstly, opening of more post offices in rural areas, secondly, addition to the staff, and thirdly, a reasonable improvement of the service conditions of the men. That improvement I consider to be of some importance, because, if the men are wholly discontented, if they feel they are overworked, if they feel that they are being underpaid, naturally it reacts on the efficiency of the service.

Mr. K. Ahmed: You have enough profit from the Postal Department, but do not mix it up with the Telegraphs and the Radio.

The Honourable Sir Bhupendra Nath Mitra: I think I have now disposed of the point raised by my friend Pandit Thakur Das Bhargava that this department must be run as a charitable institution and that it should disseminate education among the public and for that purpose a subsidy should be given to it. I should like to point out to him that the specific

proposal made by him about reducing the letter rate by 50 per cent. would cost something like Rs. 1,70,00,000. I would suggest to him that the money if available might be spent much better in directly fostering education than in indirectly disseminating education through cheap postal rates.

I shall next turn to my friend Mr. Vidya Sagar Pandya and I confess I am somewhat surprised that he should have made his proposal. A similar proposal was brought forward by Government in this very House in the year 1921 and it was turned down—perhaps rightly—apparently because the House did not want to show greater favour to the rich man who can pay than it was possible for it to show to the poor man; and in the other House, which is probably composed largely of capitalists, that reason was definitely given by some Members who did not support that proposal. The visible cost of my friend Mr. Vidya Sagar Pandya's proposal would be something in the neighbourhood of Rs. 20 lakhs but that is only the visible cost. I am pretty sure from various arguments which my friend put forward in the course of his speech that the effect of the proposal will be much wider, though I am not sure that my friend has that ulterior object in view. At the present moment a letter weighing 2½ tolas has to pay one anna. If that letter weighs 5 tolas it has got to pay 2 annas. My friend said that if you reduce the second rate to half an anna, it would mean that a letter weighing 5 tolas would be carried at 1½ annas and he said that that would not lead to any increased cost. He apparently meant that a person who wanted to send two letters each of 2½ tolas, say, from Calcutta to Bombay, would put the two into one cover and thereby pay one and a half annas instead of two annas. If that is so, if the effect of his proposal is that, and I quite agree that it may lead to abuse of that sort, I cannot say what the loss in revenue would be. Anyhow I am not prepared to accept the proposal, I have not got any money to spare for the purpose. Its acceptance would, therefore, result in the grant of a subsidy to the Postal and Telegraph Department from the general tax-payer, and on principle I am opposed to that proposition. As I explained last year, once this House establishes that principle, it may say good-bye to all development in the department. It may say good-bye to all schemes for the improvement of the prospects and conditions of service of the low-paid subordinates in the department. It may say good-bye to all our efforts not to continue the process of sweating the staff. I am therefore strongly opposed to any such idea. I think I said last year that I am not aware of any country in the world where such a subsidy is paid. I know that Mr. Neogy pointed out that in the United States of America they paid what is undoubtedly a subsidy from the general tax-payer to the postal services. But I explained to him the reasons why that subsidy was paid. It is not really a subsidy; it is payment for services rendered by the post office to the State and to Members of the Legislatures for those services without any payment being made through the usual channel of postage stamp.

Incidentally a question has been raised why we should mix up the Postal and the Telegraph Departments, and why we should not devote any surplus which may be obtained on the postal side of the combined department to a reduction of postal rates and let the Telegraph Department be subsidised by the general tax-payer. I think I explained last year very fully why these various services should be looked upon as one combined whole, and I do not propose again to dwell on that particular point. But assuming that there was any substance in the argument of my Honourable friend, Mr. Thakur Das Bhargava, in that

[Sir Bhupendra Nath Mitra.]

connection, or in the suggestion made by my Honourable friend, Mr. Kabeeruddin Ahmed, I would ask them to turn to the figures of the Budget estimate. According to these figures, the net profit in the post office branch of the department in 1928-29 will amount to only about Rs. 7½ lakhs. I wonder how from that I am going to meet the large loss of about Rs. 1½ crores which the proposals of my Honourable friend, Mr. Thakur Das Bhargava, will involve. The estimated loss on the working of the telegraph branch of the department including the radios is only about Rs. 11 lakhs in 1928-29. I am pretty sure that when we have succeeded in splitting up the receipts and charges under telegraphs and radios, we shall find that nearly the whole of that loss is in connection with radios. On the telephone side now, for the first time, we expect a profit of Rs. 4 lakhs, so that that branch of the department will pretty soon pay its way. There was an alternative suggestion, I believe, by my friend Mr. Mukhtar Singh who said that if we could not get the letter rate reduced to half an anna, he would like to have it reduced to three quarters of an anna. That, Sir, would be open to all the objection to which I have already referred, the only advantage from his point of view being that the loss would amount to 85 lakhs of rupees instead of 1 crore and 70 lakhs.

Sir, I would ask my Honourable friends opposite not to pursue any of the motions in regard to the reduction of the postal rates. I am very definite that we cannot afford these reductions if we are to treat our staff decently. I know that many of my friends opposite have a strong feeling that we should be fair to the staff. They hold in the same way as I do that the staff deserve to be fairly treated and I think in fairness to the staff this House ought to abandon—at any rate this year and it may be for some time to come—any attempts to reduce these postal rates. In this matter people who pay these postal rates are in the position of employers of these subordinates on comparatively low rates of pay. I think it is well recognised now that employers must be progressive and must pay more attention to the welfare of their employees. I submit, Sir, that this House ought to look at the matter from that point of view and before trying to get higher dividends from these services look more to the interests of the staff. My Honourable friend the Finance Member has in his budget speech admitted that aspect of the case and it took me some time to persuade the hard-hearted Finance Member to accept that position. I hope this House will not take any action which will weaken my position and may make his successor take a different view of the matter altogether.

Sir Purshotamdas Thakurdas: I rise to support the amendment of Mr. Vidya Sagar Pandya. I remember the Honourable Member in charge feeling surprised at Mr. Vidya Sagar Pandya's amendment. I wonder if my Honourable friend will misunderstand me if I say that to-day he has excelled himself and made a speech which I think requires to be examined in every one of the aspects of his defence. He reminded the House that the British Post Office showed a profit of 6 million pounds a year. May I ask whether the British Post Office keep their accounts on the same basis as the Honourable Member's department does?

The Honourable Sir Bhupendra Nath Mitra: It is the profit on the basis of *pro forma* commercial accounts.

Sir Purshotamdas Thakurdas: May I further inquire whether the British Post Office had its capital works built out of revenue as the Indian postal capital works were built? Sir, this is due, I know, to what is called the

commercialisation of the Postal Department's accounts. Till almost 1922 all the capital work of the Post Office was paid for by the revenues of India.

The Honourable Sir Bhupendra Nath Mitra: No, Sir.

Sir Purshotamdas Thakurdas: I am speaking subject to correction as I have not got my reference books with me, but most of it was paid by the revenue part of the tax-payers' money. When the commercialisation was taken up all this was looked upon as capital invested and interest is being charged to the Post Office. The Honourable Member referred to the suggestion that a subsidy may be paid to the Postal Department. What we are anxious about is that no department of the Government of India, not even the Finance Department, should profiteer at the expense of the Postal Department. Sir Bhupendra Nath Mitra has excelled himself to-day and this is how I justify

The Honourable Sir Bhupendra Nath Mitra: May I point out to the Honourable Member, as I pointed out last year, that most of the interest is charged to the telegraph branch of the Department and not to its postal branch.

Sir Purshotamdas Thakurdas: And the accounts of the two are amalgamated.

The Honourable Sir Bhupendra Nath Mitra: The accounts as regards profit and loss are kept separate.

Sir Purshotamdas Thakurdas: And the loss or profit is finally amalgamated. Now, Sir, in running down Mr. Vidya Sagar Pandya the Honourable Member had to call in the usual bogey of capitalists and poor classes, the one thing which I should have thought Members on that Bench at least would have avoided. I have no hesitation in standing up to-day before this House and saying that the Honourable Member's outlook on the whole question is wrong. It is not a question of defending the capitalist at all. You are taking more to-day from the public who use the Indian Postal Department in a certain direction than you did in the past. Does it matter if the upper or better off classes use your department more? Do you mean to tell me that you are entitled to profiteer from any class? The Honourable Mr. Vidya Sagar Pandya has quoted figures which go conclusively to show that you are charging more in several directions, as he has pointed out in his amendment, than is the case in Great Britain. Sir, the one boast of the Postal Department of the Government of India was that it was the cheapest postal service in the world. That boast has ceased to be. Our complaint to-day is that the postal service in some directions is dearer even than in the United Kingdom. To call to your aid, therefore, the capitalist and the labour bogey, to call to your aid the postal clerk and try to prejudice this Assembly, is not an attempt which can be considered worthy of any Member on the opposite Benches. Meet the case by argument; do not try to defeat it by prejudice. I venture to congratulate my friend Mr. Vidya Sagar Pandya on his amendment. I only hope, Sir, that Sir Bhupendra Nath Mitra will not repeat the effort.

Coming, Sir, to the main point, the question is, are you charging the public who use the Postal Department in India a higher rate than what the public in England pay or not? That is the whole question, and I submit that my friend has made out a very strong case. When you are

[Sir Purshotamdas Thakurdas]

asked to reduce the postcard rate you say it will mean a reduction of a crore and a half. When you are asked to meet us in certain other directions where your charges are distinctly unfair, you try to prejudice the case. Is this the way of meeting our arguments regarding our grievances? Why do you want to call to your assistance the sweated postal employees? I am quite sure that Mr. Vidya Sagar Pandya will withdraw his amendment if the Honourable Member says that he will devote the whole of that extra income to the betterment of the postal employee. Is he prepared to get up and say that? What is the good of asking this House to vote against the amendment on mere prejudice? Is the Honourable Member prepared to say that what he takes from the people who use the heavier letter he will put on one side and at the end of two, three or five years consider a reduction of the postcard rates? No, Sir. The policy of the Postal Department unfortunately has been, "let me take from you all that I can so that I may pass it on to the Finance Department".

Mr. K. Ahmed: Then you have more strength behind you.

Sir Purshotamdas Thakurdas: If you came behind me Mr. Kabeeruddin Ahmed I would have greater strength. I fully realize the Honourable Member's great handicap. He agreed to an arrangement with the Finance Department. He is now trying to defend it. That is the trouble. In trying to defend it we may even tolerate him, but let him not try to misconstrue our grievances when they are brought before the House. If he feels that he has not got the surplus money in his Budget, let him frankly say so. We perceive many weak points in the Government of India's Budget, and we know that his is one of them. But to call to your assistance irrelevant factors is not a thing by which you improve your defence.

Now I wish to submit one instance of what I have in mind. Only this morning I received a letter from Bombay—and I will with your permission quote a part of that letter. It is from a well-known firm of book-sellers in Bombay showing how the charges of the Postal Department have been doubled during the last seven years to the great handicap and to the great drawback of the spread of education or literacy. The letter says:

"From our experience of the last few years we beg to point out that the present heavy postage rates have most adversely affected the book trade which already suffers from a terrible depression. Besides, it serves as a heavy tax on the already over-taxed population of the land, particularly on those connected with education. We may mention that a small book of say 8 annas in value—

—and, Sir, these book-sellers deal mostly in vernacular books—

"if ordered by V. P. P. costs as under in the old days"

—I understand by old days they mean before the war—

"8 annas value of book, one anna value-payable fee, one anna postage on one-half pound, total 10 annas, whereas under the present rates the same book costs as under: 8 annas value of the book, 2 annas registration (now compulsory), two annas V. P. Fee (now raised), two annas postage on half a pound (now double), total 14 annas."

An Honourable Member: shame!

Pandit Thakur Das Bhargava: There is yet a difference of two annas.

Sir Purshotamdas Thakurdas: I am glad my informants have understated their case and not overstated it and the Postal Department come up and tell us that even those who have to send heavier letters

should not raise their voice in this House. I submit the time is past when the Postal Department can avoid looking into the great necessity of reducing their rates at least in directions like these. Sir, the amendment of Mr. Pandya amounts only to this,—do not make this dearer than what it is in England to-day. Does the Honourable Member contend that we can afford in any direction higher postal rates than in England? Does he contend that the commercial community here can afford to pay and should be charged more than the commercial community in England pay? And in fact what is the justification for pleading that even the commercial classes should pay more? If the Honourable Member in charge of the Department says he is prepared to give this amount to the postal employees, I am sure Mr. Vidya Sagar Pandya will withdraw his amendment.

Mr. Vidya Sagar Pandya: I will.

Sir Purshotamdas Thakurdas: My friend says he will. If he does not

The Honourable Sir Bhupendra Nath Mitra: May I ask my Honourable friend what he wants me to give to the postal employees?

Sir Purshotamdas Thakurdas: Just what you said you may have to give them. Why did you call the postal employees to your assistance in this matter? Where was the question of the postal employees? My friend Mr. Vidya Sagar Pandya gave figures and showed that you are charging higher rates in India than in England. Where does the question of the employee come in? Why did you call him to your assistance? I wonder whether you will ask them to stay and have lunch with you. Give them the lakhs that you get out of this unjustified charge. Sir, the Honourable Member need not have tried to prejudice Mr. Pandya's case in the manner he sought to.

Sir Darcy Lindsay (Bengal: European): Sir, if I understood my Honourable friend Sir Purshotamdas Thakurdas, he stated that the rates of postage in England were lower than they were in India.

Sir Purshotamdas Thakurdas: May I correct the Honourable Member? Mr. Vidya Sagar Pandya gave figures and showed that they worked out to a lower rate than the rate that is being charged here and hence his amendment.

Sir Darcy Lindsay: I understood Mr. Vidya Sagar Pandya to state that the rates in England for the second ounce were lower than for the second 2½ tolas in India, which is a very different statement to what my Honourable friend has given to the House. My Honourable friend most distinctly stated that the rates in England were lower than the rates in India. I refute that entirely. As everybody in this House knows the rates of postage in England are one and a half penny for an ounce.

Sir Purshotamdas Thakurdas: Will the Honourable Member allow me to interrupt him? What I said was "in the direction in which Mr. Vidya Sagar Pandya wishes to make his amendment the rates here are higher at present than in England on the subsequent one and a half tolas."

Mr. Vidya Sagar Pandya: In England for 5½ pies they carry 2 ounces.

Mr. President: Order, order.

Sir Darcy Lindsay: I am very glad that my Honourable friend Sir Purshotamdas Thakurdas has now made the position a little more clear to the House than was the position when he spoke.

Sir Purshotamdas Thakurdas: It was clear.

Sir Darcy Lindsay: It was not at all clear.

Sir Purshotamdas Thakurdas: I am very sorry for my friend. Other Members say it was clear.

Sir Darcy Lindsay: Then we come down to this position that the House is asked to reduce the rate of postage in India for the second 2½ tolas and subsequent 2½ tolas, because the rate in England for the second and subsequent ounces is much less than the rate in India. I cannot quite see the force of this argument. The Honourable Member in charge has pointed out, any such reduction would be beneficial to the more wealthy and not assist the poor man in any degree at all.

Sir Purshotamdas Thakurdas: Help the poor man then. Devise something which will help the poor man.

Sir Darcy Lindsay: I was only discussing this amendment put forward and on which the Honourable Member spoke.

Sir Purshotamdas Thakurdas: I hope the Honourable Member heard me through. (At this stage an Honourable Member from the Official Benches called out: "Order, order.") What is the matter about "Order, order"? It is the Honourable the President alone who can call me to order.

Mr. President: Order, order.

Sir Purshotamdas Thakurdas: Sir, I obey. (The Honourable Member sat down.)

Sir Darcy Lindsay: The question before the House is as to whether we should reduce the postal charge for these additional 2½ tolas. It has been pointed out by Sir Bhupendra Nath Mitra that if any such reduction was made, there would be a loss to the revenue of possibly Rs. 20 lakhs. Now, Sir, that is a very serious sum to lose in revenue, when all the money that the Post Office can get is required for extending the system and paying higher wages to the men and giving the men housing accommodation and various other improvements of that nature. I, as a member of the Standing Finance Committee, had before me recently a scheme for a considerable improvement of pay and conditions of the postal employees and I am very glad indeed that it was accepted by all the members of the Committee and has been accepted by this House in passing the particular item in the Budget. Any improvement in that direction must be welcome to all Members of this House. But I am, indeed, surprised that my friend Sir Purshotamdas Thakurdas should support what I consider to be a very minor matter, namely, the reduction of the rate in the case of the second 2½ tolas, when we know that it

might jeopardise the improvement of the conditions of the employees and also the expansion of the whole Postal Department.

Another matter that my Honourable friend Sir Purshotamdas Thakurdas took up was the question of the interest charges. He made various charges against the Finance Department which, I must admit, I could not follow. How the Finance Department were benefiting at the expense of the Postal Department and the Telegraph Department is beyond my comprehension, my head is not very clear as to his figures. This question of interest charges is one in which I was particularly interested a few years ago when it was charged up to the Post Office only. I think the amount was something like 60 lakhs and at a later stage, when the figures were more closely gone into, the total was reduced, I believe, to nearly 45 lakhs or somewhere about that figure. The bulk of this amount was debited to the Telegraph Department and the Postal Department were charged only about 10 or 15 lakhs. So, I do not think very much can be made by my Honourable friend of that point. I appeal to the House on behalf of the Postal Department not to accept this amendment to reduce the charge on the postage for any weight over the 2½ tolas.

Mr. H. G. Cocke (Bombay: European): Sir, I desire to add only a few words in connection with some of the remarks made by my Honourable friend from Bombay (Sir Purshotamdas Thakurdas). I am surprised to find him supporting a reduction of this nature because obviously it is a reduction which does not really help the masses in the same way as other reductions would.

Sir Purshotamdas Thakurdas: Help the masses, I agree.

Mr. H. G. Cocke: I posted myself just now a letter on which I had to affix stamps worth 2 annas and if this amendment is passed I should only have to put stamps worth 1½ annas on a similar letter in the future. But the ordinary man in this country does not post letters of over 2½ tolas and therefore we are really dealing with a matter which affects the businessmen very much more than the people throughout the length and breadth of the land. Therefore, I hope, although personally I should benefit and business people would benefit, this matter will not be pressed any further. My friend Sir Purshotamdas Thakurdas in his attack on the Government Benches rather got confused on several points which have already been referred to by my Honourable friend in front (Sir Darcy Lindsay). He got very confused on the subject of the Post Office accounts. I have got here the annual report for 1925-26. I am sorry I have not got the report for 1926-27 but that is the fault of the department. For some reason or other they take a year to get this book published. The report for 1925-26 was signed by Sir Ganen Roy on the 25th March 1927, so he took a year to get that report ready. Why the report cannot be produced in three or four months I should very much like to know. It is true there are very elaborate statistics given as to the number of packages posted, newspapers, parcels, etc., but surely that could be reported upon within three months. Had that been done I should now have had the figures for a year later than I have.

Now with regard to the profits of the three departments over which Sir Purshotamdas Thakurdas rather got confused I would point out that for the year ending 31st March, 1926, the Postal Department profits were

[Mr. H. G. Cocke.]

nearly 49 lakhs after interest on capital of 6 lakhs had been charged, and as regards the Telegraph Department the losses were nearly 7 lakhs after 34 lakhs of interest on capital was charged. I am not quite clear what point the Honourable Member tried to make. He said that in the past the postal capital expenditure had been made out of revenue, which is perfectly true. Had this expenditure been made out of capital, and more debt incurred, the result would have been to increase the interest and reduce the profits. He seemed to me to argue the other way. In any case, Sir Purshotamdas is a business man and he and the House have now recognised that the principle has been approved that the Postal Department ought to be run on business lines and that its small profits ought not to be given away in postal reductions to the extent of producing a deficit. The amount available for last year was very small and there was the delayed promise to the postal staff to do something for them, and therefore I think this House would be quite wrong to attempt to upset the rates this year. Whether in the future it will be possible to have minor adjustments in rates I don't know, bearing in mind that we have to run the department at a small profit. It is quite possible that there may be minor adjustments, but I doubt if we can ever expect to get back to half the rates that now exist.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadian Rural): Sir, I have got great sympathy for the Honourable Sir Bhupendra Nath Mitra, if he has been entrapped by the Finance Department as pointed out by Sir Purshotamdas Thakurdas. But all the same he ought to be prepared for a big storm if he does not carry out the wishes of the House in this direction. It seems to me that the case is so strong in favour of reduction that although some of us will not like to do anything at this stage which might cause disturbance in the Budget, he ought to know that unless he did something effectively in the next Budget he will have to be prepared to face greater troubles from this side of the House.

Two alternatives have been put before the House by Sir Bhupendra. He says the money at his disposal is limited; either improve the services or reduce the price of letters and postcards. Sir Purshotamdas has thrown a challenge to Sir Bhupendra Nath and if he gave Sir Purshotamdas a definite promise that he would be prepared to spend all this money for the improvement of the services Sir Purshotamdas would persuade our friend Mr. Pandya to withdraw his motion. I am very sorry, Sir, that this challenge has not been accepted by Sir Bhupendra Nath. What seems to me to be a very great hardship is this that while in England you could send 5 tolas of weight for $\frac{1}{2}$ d., in India you have to pay about 1 anna for $2\frac{1}{2}$ tolas. This seems to me to be rather too high a rate. I do not see any reason why in India we should have higher rates for postal charges as compared with England.

Sir, it may also be argued from our point of view that even the reduction of postal charges may bring in more revenue. When the Honourable the Commerce Member introduced his Railway Budget he remarked, in support of the reduction of railway charges in various directions, that he expected that these reductions may stimulate more traffic and thus eventually may not cause any loss to the Railways. I think, Sir,

probably the same argument may be applied in favour of the reduction of postal charges too. I do not want that the Postal Department should be run at a loss, but at the same time I do not think it is fair to the tax-payer that the other departments—Telegraph, Radio and so many other things—should be fed at the cost of Posts. After all, it should not be forgotten that it is the Postal Department which is more utilised by poor people, while the other departments, Telegraphs, etc., are utilised more by richer men. Therefore, it would be most unfair if these rich men's departments, Telephones, etc., were fed at the cost of the Postal Department which is a poor man's department. I would therefore urge upon Sir Bhupendra Nath Mitra to consider this matter very seriously; and although I for one would not like to do anything at this stage which may disturb the Budget, I hope however that Sir Bhupendra Nath would consider this matter very seriously and try to carry out the desires of this House in the next Budget.

The Honourable Sir Basil Blackett: Sir, I do not wish to intervene at any length. A challenge has been thrown out which I think is fairly simple to answer. The Government have stated and state it again that they do not desire to make any profits on the working of the combined Postal and Telegraph Departments. If they make any profit or if they have a prospect of making any profit, they will devote those profits either to a reduction of rates or to an improvement of facilities or it may be to an improvement in the conditions of service of the men, though I am inclined to say that so long as the men are not reasonably paid there are no profits. But I answer the challenge perfectly definitely, that the Finance Department have no desire to appropriate the profits earned by the Post Office to general revenues in relief of other taxation, in the same way as they have no intention of running the department at a loss out of a subsidy from the general tax-payer.

Now we have before us three amendments. The simple answer to all of them, without entering into any details, is the one which Sir Purshotamdas Thakurdas himself quite rightly gave, that it cannot be done this year either out of the profits of the Post Office or out of the provision in the Budget without creating both a deficit in the Budget and a deficit in the postal position involving a subsidy upon the tax-payer. I do not want to argue in particular Mr. Vidya Sagar Pandya's amendment. My friend, Sir Bhupendra Nath Mitra, quite rightly pointed out that this proposal which is now made by Pandit Thakur Das Bhargava was definitely made by the Government in 1921 and was definitely disagreed to by this House on the ground given by the Honourable Sir Bhupendra Nath Mitra. He did not state that it was his own ground; at any rate he stated that it was a ground on which the House definitely rejected the proposal at the time.

Sir Purshotamdas Thakurdas: Was that when the Government doubled the postcard and the letter?

The Honourable Sir Basil Blackett: It was at that time.

Sir Purshotamdas Thakurdas: Naturally.

The Honourable Sir Basil Blackett: It was at that time. But I also agree with what I believe to be at the back of Mr. Birla's mind and also the mind of Sir Purshotamdas Thakurdas: it is a question whether

[Sir Basil Blackett.]

you should reduce the rates when you come to the upper weights above 2½ tolas, whether you should have a reduction of those rates or not—not on the ground whether it benefits this or that class—because any practicable reduction of rates must be beneficial as a whole. (*Sir Purshotamdas Thakurdas*: “Hear, hear”.) It should be judged on the point made by Mr. Birla, whether the traffic will bear it. If the traffic will bear it, I think it should be done without reference to the fact that it happens that the concession you make benefits perhaps the richer men, even if you cannot at the same time make a concession which benefits the man who is the vast majority of the people, who pays only the lowest postage on the smallest weight. That question will, I am quite sure,

5 P. M. be considered on its merits with reference to the position at some future date. But at the present moment, as is recognised by this House, we are not in a position to agree to any reduction in the rates this year and that partly for the reason that we have appropriated all potential surplus to long delayed improvements in the condition of the workers which we have not hitherto been able to do, because we have not had a surplus.

Mr. President: The question is:

“That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, in the entries under the head ‘Letters’ for the words ‘One anna’ the words ‘Half an anna’ be substituted.”

The motion was negatived.

Mr. President: The question is:

“That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, in the entries under the head ‘Letters’ for the words ‘One anna’ the words ‘Three quarters of an anna’ be substituted.”

The motion was negatived.

Mr. President: The question is:

“That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, in the second entry under the head ‘Letters’ for the words ‘One anna’ the words ‘Half an anna’ be substituted.”

The motion was negatived.

Pandit Thakurdas Bhargava: Sir, I 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, I submitted to the House some of my reasons for this amendment when I moved my amendment No. 15, and I do not therefore wish to repeat them now. I then said that some of the reasons were common to the two amendments, but in some respects the case of the post-card stands on quite a different footing from that of the letters. In the case of postcards, we know that they are used mainly by the poor people. In the case of letters, it may be that the poor people also take advantage

of that means of communication, but in the case of postcards, one would expect that a greater number of them are used by the poor people in this country.

Now, Sir, it has been said that this reduction would cost the Government between 75 and 80 lakhs of rupees, and it has been contended that since this department should be a self-supporting department the proposed reduction is not warranted. So far as this particular question is concerned, I am still not satisfied that the decision of the Honourable Member in charge of the Department is right. I would humbly ask him to tell me what was the character of this department before the year 1922. When the post offices were opened they were run for a good length of time at a loss. In fact, in those days the Government never viewed the Postal Department from the commercial standpoint, as it was to the interest of the Government to see that the post offices were firmly established and the Government allowed those post offices to be run at a loss.

Now, Sir, this is not true only of the post offices, and the same remarks apply to the other departments also. As long as the Government felt that those post offices were not firmly established, they did everything possible to improve them, and the Government never cared to see whether they were run at a loss or they were successful from a commercial point of view.

Now, to-day, I would ask the Honourable Member if the Telegraph Department is a charitable institution. Why does the Telegraph Department take any subsidy from this department or why does this department get the subsidy from the general revenues of the country? The same arguments would apply to the Post Office. I do not see why this system of taking a subsidy should be characterised as charity or as begging. So far as the whole money is concerned it is the money of the Indian nation and if it is used for certain beneficent purposes which this House considers beneficent, there is no reason why that point of view in regard to the beneficence of the object should be disregarded. Take the other allied department, the Indo-European Telegraph Department. Is that a charitable institution or a self-supporting department? I would submit that unless there is something very special in regard to this department, the same may be said about other departments that they should pay for themselves. I do not think that anybody in this House would contend that every department of Government, much less those departments which have something of the characteristics of nation-building departments in them, should be self-supporting. I do not accept the proposition that this department should be self-supporting, with the conclusion to be drawn therefrom that the postal rates cannot be reduced. Leaving that consideration aside, the question arises whether the Postal Department cannot reduce its rates independently of the fact that it does not get any kind of subsidy from the general revenues. To that question also my reply is that the increment in the revenues is not properly taken into consideration which would accrue by an increase in the number of postcards if the postal rates are reduced. I do not say that the increment in income from the increment in the number of letters will be commensurate with the total loss of revenue caused by reduction of postal rates. But still the increment would be quite a decent sum. Apart from that it has been said that any subsidy taken from the general revenues of the country towards the reduction of postal rates can better be employed for purposes educational,

[Pandit Thakurdas Bhargava.]

or other than educational, which add to the nation-building activities of the nation. I have no objection to that. I join with my friend Sir Bhupendra Nath Mitra in asking the Finance Department to contribute more and more to the Education Department and to other departments. I do not quarrel with him on that score. My complaint is that so far as the requirements of this department are concerned, it does not stand to reason that 70 to 80 lakhs cannot be spared from the general revenues of the country for reduction in postal rates. Cheap postal rates, as I have submitted already, do conduce to the formation of certain business habits, to certain liveliness in the people and respectability about them and at the same time they go to constitute and invigorate certain characteristics among the people which are certainly such for which money should be found. Moreover, as has been already pointed out by one of the gentlemen who preceded me when speeches were being made on the other amendment, this increase in postal rates was not the result of the increase in the cost of the working expenses. In fact, it was a war measure and these increases in postal rates should have ended with the war, unless we are in a perpetual war with all things which are good and which conduce to the nation-building activities of this department of the Government of India. I will therefore say that, judged by whatever standard, it stands to reason that the postal rates should be reduced. One argument was advanced by the Honourable Sir Bhupendra Nath Mitra in relation to the question whether such and such a reduction would benefit the poor people more or the rich people more. I submit that this question cannot be raised now because reduction in the price of postcards will go to benefit the poor man. It may be said that it will benefit the middle classes more and that it will not benefit the poorer classes to that extent. Even assuming that argument to be correct, may I ask if the middle classes should not be benefited at all? I do not concede that this argument is sound, but without admitting that this argument is sound, I would submit that bogeys should not be made of the poorer classes. The middle classes of this country have a right to demand that if postal rates can be reduced and they can be benefited it ought to be done in their interests also. As regards the poor man, I think if there are any two things in which his interests can be looked after by the authorities, they are the postal rates and the railway fares. In regard to both these things we find that no reduction is being brought about. I have therefore to complain, as I have complained many a time, that in these matters the viewpoint of the poor man is never taken into consideration. Government trot out the theory that they are the trustees of the people. When the demand is made that they should look after the interests of the poor, the reply is that there is no money. Now, Sir, who has reduced the people of India to this destitution, to this poverty? It is the Government itself and it does not behove Government to give the reply every time a demand is made in the interests of the poor, that they have got no money. I hope the House will carry this amendment and prove that this part of the House feels very strongly on this matter and is out to reduce postal rates in relation to postcards at least.

Mr. B. Das: Sir, the question before the House is how the postal rates can be reduced. I will make a few submissions showing how Government can make a saving in the management of their Postal and

"Telegraph Department and thereby bring about a surplus by which they can give a reduction in postal rates. Sir, last year while this subject was being discussed, my Honourable friend Sir Bhupendra Nath Mitra asked me if I belonged to the trade union of engineers. This year I am not going to touch upon the question of engineers at all or to say that the engineers who are in the Telegraph Department should become Postmasters General in the combined circles, so that there may be a reduction of expenditure in the higher services. I shall rather refer to the recommendations contained in that admirable report of the Committee known as the Ryan Committee, from which I quoted a few passages last year. The Ryan Committee reported in 1924-25 how various savings can be made in the Postal and Telegraph Department, and if their suggestions had been fully carried out, I think there would have been a reduction in expenditure of one crore of rupees.

Sir, I do take into account the successful agitation carried on by my Honourable friend Mr. Joshi and others about giving adequate salaries to the postal employees and I am happy to find that the trust we placed in Sir Bhupendra Nath Mitra and Mr. Sams have given adequate satisfaction to those employees. At present we are concerned how to reduce the postal rates. The Ryan Committee say on this point :

"While this annual saving of the order of 20 lakhs of rupees alone may turn the balance between profit and loss in the account of the department, much more would be saved by the adoption of the Committee's further recommendations to which however no even approximate figures can readily be attached, under such heads as a revision of the cadre of superintendents of post offices on the basis of a review of their territorial charges, the further replacement of departmental telegraph offices by combined offices and a revision of staff on the basis of a more reasonable standard of output by telegraphists."

I will now particularly lay stress on the replacement of departmental telegraph offices by combined offices. This is what the Committee say on page 38 of their report :

"The annual Report of the Posts and Telegraphs of India for the year 1923-24 shows that the conversion of 12 small departmental telegraph offices into combined offices resulted in an annual saving of Rs. 33,696 and the economies that may be expected from a steady prosecution of this policy are therefore very considerable."

I therefore ask my Honourable friend Sir Bhupendra Nath Mitra to introduce this combined system all over the country, which will effect a good deal of saving. Then I find from this report that there are certain telegraph offices which are to be maintained for departmental or political considerations. I do not know why the Telegraph Department should at all exist for political or military considerations. In that case, the extra expenditure should come out of the money allotted to my friend, Mr. Mackworth Young. We should not go on distributing extra expenditure over different departments while it should really fall on the Army Department. One of the recommendations was to abolish station services. I do not see my Honourable friend Colonel Gidney here, but I hope I will not tread upon Colonel Gidney's favourite corn, and in what I say I have the support not only of the Ryan Committee but of another Committee called the Sir Louis Tupper Committee. I will just quote a few passages because this subject has very often cropped up in the discussions in this House, whether the vested interests in the Telegraph Department should be maintained. This extract will show

Mr. President: Will show what?

Mr. B. Das: This will show how a saving can be made in the Postal Department. The Committee say:

“The Committee see no reason to urge a reconsideration of this question. Mr. Barton and Colonel Gidney are willing to let this question lie over for some time, but they would strongly maintain that the proportion should be fixed, namely 4/5ths of the cadre, present and future, should always be general service, and should not be less. There are obvious objections to accepting that recommendation. What exact strength under each head will be needed can only be determined after the system, now introduced, has been tried for some years. The proportion of 4/5ths and 1/5th, as suggested by the Telegraph Committee of 1920, was only a suggestion as an approximate figure to suit existing conditions and protect the interests of men already in the service, both general and local.”

The Committee recommended that there are certain vested interests in the Telegraph Department and that those who are in the service at the time should continue in that proportion, but thereafter such special service be abolished and the men will be recruited generally, I mean by the combined system from the postal service. The special service men always get from 25 to 50 per cent. more salary than the postal and telegraph men.

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member's facts are not correct.

Mr. B. Das: I will hear from the Honourable Member later of the difference in the rates of salary of the station service and the postal service. So far nothing has been done to abolish the special service and to abolish vested interests whereby large reductions could be made in the expenses of the Postal Department. I would like to hear from my Honourable friend Sir Bhupendra Nath Mitra how the combined system is working and whether there is a chance of introducing that system on the telegraph side. If Government are able to carry out this part of the programme they will be at least able to make a crore of rupees in savings.

The Honourable Sir Bhupendra Nath Mitra: How do you get the crore?

Mr. B. Das: The Committee say that they cannot estimate what the combined system of post offices will save.

The Honourable Sir Bhupendra Nath Mitra: Will it give another 80 lakhs?

Mr. B. Das: The Honourable Member has got many accountants in the office of his Accountant General. He can put them on to work out all that can be saved by the combined system of post offices and by the other methods such as abolition of special services known as station services and political telegraphists, and by introducing in every divisional circle combined Postmasters General from amongst the Engineers. He will find a very large saving.

Mr. C. Duraiswamy Aiyangar (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural): It is rather unfortunate that a most important subject like this concerning the poor should be taken up at the fag end of the day before an impatient House. However, I feel it my duty to say a few words. A few minutes ago the Honourable Sir Bhupendra Nath Mitra was quoting figures in this House as to how he has been increasing post offices by leaps and bounds. But I think this book, a statistical

abstract for British India, is authoritative and I believe the figures are correct. What I find there is that in 1922-23 there were 19,610 post offices. Then the postal rates were increased and next year the number of post offices went down to 19,491. Therefore, Sir, a number of post offices had to be closed because of the fact that postal rates had been increased. If you take the figures for 1916-17, there are 19,409, while 10 years afterwards we find there are 20,108. There has been an increase of only 699 post offices during a space of ten years or an average of sixty and most of them very likely are post offices which are situated in the various parts of the cities. It is therefore clear that ever since the postal rates have increased a number of village post offices have been closed and closed for ever, and that is clear, also from the fact that in the establishment of the village postmen we do not find an increase of offices except by thirty. Therefore, Sir, it is perfectly clear that the Honourable Member has deprived a large number of villagers of their village post offices and he counts as a great acquisition to us that he has added many more post offices in the cities: and therefore I beg to submit that far from giving any blessing to the people at large, he has only been helping a few business men in big cities and nothing more than that.

Then, Sir, apart from the doctrine whether the Post Office is to be a department of public utility for which provision must be given from general revenues or not, or whether it should be a purely commercial department, this much is certain that in civilized countries a rule of civilized government is that post offices ought to be within the reach of even the ordinary people, the poor people, considering their means of earning and other things; and now if you from that aspect take the figures of postcards which have been used in the year 1916-17, it was 509,800,270. In 1921-22 the postcards rose to 648,470,932. But the moment that the postal rates were increased, you will find that between 1921-22 and 1925-26 there has been a reduction,—going down from 648,470,932 cards used in 1921-22 to 550,648,307. Therefore it is a clear indication of the fact that one million people were deprived of their means of communication by the price of postcards being raised from a quarter anna to half an anna. It is not that alone. If you take the number of letters—not that I am pressing that question, but I am only showing for the purpose of comparison that even there from 1916-17 to 1921-22 in that quinquennium letters rose from 416,227,827 to 550,539,980. But what has been the result of the increase in the postage? In the next quinquennium from 550,539,980 we have gone down to 485,556,157. That clearly goes to show that both in the matter of letters as well as in the matter of postcards a large number of people were deprived of their means of communication: and if you only take the number of those who were utilising letters formerly and took recourse to writing on cards subsequently, just in the same manner in which when railway fares were raised, the first-class passenger got into the second class and the second class passenger got into the third class, there ought to be an increase of about 80 million more cards: and therefore 180 million people have been deprived of the use of postcards. Now, Sir, is this a sign of civilized government? The Honourable Member has propounded a theory of employer and employees and a theory of commercialization. Now, Sir, with regard to the reduction of the charges for postcards I think the figure which the Honourable Member gave last year was that with a charge of a quarter anna there would be a loss of sixty to seventy lakhs. Now if on the one hand you consider the reduction

[Mr. C. Duraiswamy Aiyangar.]

which has been gradually going on in the number of cards used by the people, and if on the other hand you take the previous pace of increase when the postcards were within the common reach of the poor people, it is not 550 million cards that ought to be used to-day but it should be about 740 million cards that ought to be used.

That is clearly a matter of arithmetic, to take the average of the rise during the period when postcards were within the reach of the people; and in that way, Sir, the loss will be considerably reduced, and I believe the ultimate loss will not be more than about Rs. 20 lakhs if all the other circumstances are kept as they are. But I ask, Sir, if really you want to help the poor as well as make the department commercially not a loser, why does the Honourable Sir Bhupendra Nath Mitra not try to raise the duties upon those who can afford to pay, upon those who indulged in luxuries, upon commercial people, instead of making the ordinary card unavailable for the ordinary poor man? Why should you not raise the postal rates upon newspaper packets? Educated people receive it in order to become more educated; literate people receive it to become more literate, greater politicians, greater social reformers, greater commercial people. Why do you show any concession to the newspaper packets? The reason is very clear. Those constituents of yours are the most talkative. If the postage on newspapers is raised, there will be a hue and cry. The Honourable Member will not face that. These poor people have no voice and therefore it is that you go on raising the burden on the poor people, without affecting in the least those who have got a voice, vociferous people. I submit that there is absolutely no justification for doing this. I know it has been said that all those persons who use cards, the post office, are their employers and these blessed little subordinates of the post office are their employees. We did not see any connection between employers and employees until Sir Bhupendra Nath Mitra placed that revelation before us. Now, Sir, the Retrenchment Committee, Lord Inchcape's Committee, said that in the space of 5 or 10 years the establishment increased only by 17 per cent. whereas the cost of the establishment increased by 118 per cent. Is it not because the employee took his own pay according to his own whims and fancies without any regard to the employer? And what relationship is there between such employers and such employees in a matter like that? If I were really the employer I would curtail expenditure. I would not allow it to go up to 118 per cent. when the establishment rose only by 17 per cent. I will not make the administration top-heavy and pay higher salaries and luxuries to the higher officers and demand the cost from people who use cards. Therefore, there is no use of that argument. As to the great services rendered by the Post Office, take a small country like Japan, which is not even one-fourth of our country; they maintain 8,400 post offices; they distribute 2,650 millions of postcards alone irrespective of other letters and they charge four pies or $1\frac{1}{2}$ yens per card. In a small country they are rendering very great service. In a vast country like this, you are having perhaps 20,000 post offices, and with this large area the pride of the Honourable Member was that the department was rendering enormous service to the people, and he said that all should sympathise with him by paying much more for this establishment. Sir, he has not placed a single point before us to justify his making cards inaccessible to the ordinary poor people. That is the only means of communication to those people. If people in the village are not literate, there

is no use in putting a post office there, says the Honourable Member. Sir, in spite of the benediction of the British administration for the last one and a half centuries, there is at least one man literate in every village, and if you keep a post office, that man will be resorted to for writing letters. Why do you deprive him of even that privilege? I beg to submit, therefore, that this is a matter which ought to be taken into consideration seriously so far as the poor people are concerned. That is my cry. I have not said a single word on behalf of the rich people who can afford more. Let the insurance charges be raised; let the foreign postage be raised; let the telegraph charges be raised, if necessary, let the registration charges be also raised. I do not mind all that, but let there be at least one thing that is secure to the poor man. Let those who hold correspondence with foreign countries, from this country with America, or England and so on, let them pay double or treble the rate that they pay now; they get lots of money as the result of the correspondence by their business. You ask the poor man, who has to invite relations for his marriage, who has to write from one village to another village to his relation, to pay half an anna for a small card. I therefore appeal, Sir, to the Members of this House that at least this much may be done this year that the postcard may be restored without disturbing any other arrangement of the Postal Department. I am sure if the Honourable Sir Bhupendra Nath Mitra and the Honourable Sir Basil Blackett will be closeted in one room for five minutes, they will be able to find this money.

***Mr. M. K. Acharya** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I do not want to make a long speech but I do want to make a strong appeal, and I hope the fewer my words the stronger shall be my appeal. My friends have already taken great pains to show the various ways in which any reduction in the rates of postcards will be made up. I dare say the Honourable Members there will have listened to these various suggestions with great care. I shall leave that question to be settled between the statisticians here and the Honourable Members over there. As I said, I just want to make a very humble appeal to the Honourable Sir Bhupendra Nath Mitra and the Honourable Sir Basil Blackett. In any case, this year the Budget has been described as a surplus budget, and I do appeal to Sir Basil Blackett, before he leaves India, to confer some small benefit on the largest class of people of this country who, as my friend has pointed out, are the users of postcards. It is not, after all, taking a very great risk with his Budget. My friends have pointed out that the net increase, after allowing for the increase in the number of postcards that will be used, may only be about 20 or 30 or even 40 lakhs. So, in a Budget of 132 crores, it may be possible to find the ways and means for incurring a risk of 40 or 50 lakhs. That is all I have got to say, and I do not want to make a long speech at this late hour. But I do appeal very strongly both to Sir Bhupendra Nath Mitra and to Sir Basil Blackett in particular that if he does so, he will leave his name behind him on the lips of the poor man in the village as the person who reduced the half anna postcard to the quarter anna postcard.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, there is a world of difference between letters and postcards. Letters are used by the rich and middle class people and sometimes also by the poor people but the postcards are used chiefly by the poorest class of people. Take, for instance, the villagers, who are

[Khan Bahadur Sarfaraz Hussain Khan.]

mostly agriculturists. Sometimes they go to the industrial places and also to the towns and it is these people who, for their own purposes, send small messages in connection with births, deaths, marriages and other such things. Naturally, their messages do not occupy much space and therefore they use only postcards. But how can they do it if you raise the rate of the postcard? So I maintain that they have been deprived of the right of communication. They are, Sir, very poor and to them one pice is something more than a rupee is to a well-to-do man. Therefore, having regard to the poverty of the masses, I appeal to the Member-in-Charge and also to the House that the amendment which we are discussing should be accepted.

Kumar Ganganand Sinha (Bhagalpur, Purnea and the Santhal Parganas: Non-Muhammadan): Sir, I have listened with very great attention to the speech of the Honourable Member-in-charge of the Department of Industries and Labour detailing the case which he has made out against the reduction of the postal rate. We are told that if the postal rates are reduced, either we shall have no expansion in the direction of post offices, or we shall starve the lower subordinate employees. My point is that so long as he is having this top-heavy administration we shall have nothing and he should not expect us to grant him even a pice.

I have taken pains to ascertain to what extent the administration is top-heavy. I find that in the United Kingdom, the pay of the Postmaster General, who is evidently the highest postal official, amounts to £2,500, which comes to about Rs. 2,812; in round figures, per month; but here, we have not only got the Postmaster General but also, over and above him, the Director General and Assistant Director General and many others with pay varying from Rs. 3,500 a month to say about Rs. 1,500. I mean only the top posts in the Post and Telegraph Department.

I was looking into this brown book and I found that under the head "Direction, Sub-head C-1," you have the Director General, Financial Adviser, Director of Establishment, Superintendent of Secretariat, and Officer on Special Duty. The amount allotted for them was Rs. 94,800, out of a total of general charges of Rs. 2,93,000. Over and above this, there is payment on account of medical treatment of British officers of the superior service amounting to Rs. 1,000, and the cost of passages amounting to Rs. 1,200, which will make the amount available to Superior officers something like Rs. 97,000. Below them there are 114 subordinate employees who have to share the remaining Rs. 1,96,300. In the same way in the Telegraph and Telephone joint charges a dozen superior service men, *viz.*, the Chief Engineer, Officer on Special duty, 3 Electrical Engineers, 5 Assistant and Deputy Assistant Electricians, and one Officer on Special Duty, have Rs. 1,24,600 out of a total of Rs. 3,14,000 under that head, and approximately the balance, Rs. 1,15,000, will be distributed among 55 subordinate employees. This is the way of spending money.

And now we have to see what is the proportion between the pay of these highly paid officers and the pay of the lower grade employees, for whom I am sure the Honourable Member has got a very soft corner, to find out where does the money of the postal revenues really go.

Mr. President: All this would be quite relevant on the occasion of the general discussion of the Budget; it is not relevant on this occasion.

Kumar Ganganand Sinha: What I was going to show is this: that so long as this top-heavy administration continues and so long as no step is taken to reduce this expensive administration, the Honourable Member will always be hard up for money and it will not be possible for him to spare it either for the reduction of these rates or for adequately helping the lower grade employees. That is the point I was making.

Mr. President: The Honourable Member is quite right in making that general statement, but he cannot go into minute details at this stage.

Kumar Ganganand Sinha: If I have established that point, Sir, I shall resume my seat. I do not want to tire the House further at the fag end of the day.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, at this late hour of the day I do not propose to trouble the House with a long speech. I shall be as brief as possible, considering that this subject has been threshed out in this House, not once or twice, but from year to year; and the Government has been turning a deaf ear to this proposal, like our many other proposals. But in this matter I specially appeal because at the present moment, the gentleman who happens to be at the helm of affairs is a countryman of ours and his sympathies with his fellow-countrymen are well known. I shall not, I think, be appealing in vain when I say that the reduction of the price of postcards from half an anna to one pice is a thing which is demanded by thirty-three crores of people of India, excepting those perhaps whom the Government may threaten by saying "If you ask for a reduction in the price of the postcard, then the prospects of increment of pay and salary will be far off." But I beg to remind the Honourable Member in charge of the Department that such people form an infinitesimally small fraction of the population of India. Really, Sir, when we are pleading for the one pice postcard, we are pleading for the poorest in the land. I think that we who can afford the burden of this additional postage rate should not turn a deaf ear to the appeals of the groaning poor whose relations live in distant parts of India and who cannot send even four cards in a month owing to the rise in prices. It might seem to those people drawing lakhs of rupees a year at the Bar and from their professions that this is only a matter of one or two pice: why should you fight for this? But, Sir, what is the value of a pice to a poor tiller of the soil should be appreciated and can be appreciated only by those who happen to live in villages like myself. I have seen the poorest in the land: I come from a remote village in a mufassil district of Bengal, and I know the condition of things there. I know of poor widows whose income does not exceed, say, two or three rupees a month having their children in a district town or in Calcutta being educated by charity there; she does not receive a letter from her son even once a month owing to this rate. The value of one pice will be realised if you remember that this one pice can supply tiffin for this poor boy at least for one afternoon and sometimes they have to forego this tiffin also. I am not drawing all these pictures from my imagination. I have seen scenes of appalling poverty which will terrify not only those who come from distant lands—like the Finance Member—but will terrify men like my Honourable friend who happens to be a countryman of ours and lives in

[Mr. Amar Nath Dutt.]

the metropolis of Calcutta. I will not bore the House by repeating all those arguments which have been adduced here more than once; neither shall I bore the House by quoting large figures; but at the same time I shall make one more fervent appeal to every one here who has any feeling for the poorest in the land, be they Indian or be they people of other countries, to reduce the postage rate of at least the postcard from half an anna to one pice. I do not wish to take up the time of the House any further and I hope that the Honourable Member will accept this and will not threaten us by saying that this will take away all the prospects of the improvement of service of the postal employees. But you will please realise one thing that those people about whom we are speaking and whom we call poor, because we ourselves are a little above them, are drawing Rs. 100 or Rs. 50 or Rs. 60 per month, but you do not know that they are the richest people in the Bengal villages. In fact, if you go through half a dozen villages you will hardly find people whose income exceeds a hundred rupees per month. That being the state of affairs in our country, I hope my Honourable friend will not say anything about the poorest in the land. By the poorest in the land I do not mean even his postal peons who are far better off than the village Gomastas and teachers because they draw Rs. 20 or Rs. 25 or Rs. 30 a month. I know that graduates hunt after jobs worth Rs. 20 a month and they don't get even that. Even in this Imperial City of Delhi I have seen graduates going about from office to office for getting employment on at least Rs. 40 a month. But I think we should call them gentlemen as also those who are matriculates and do not get jobs even worth Rs. 10 and Rs. 15 a month, and these postal peons must be classed with those who get Rs. 20 or Rs. 30 per month. Sir, I am here pleading for a class far poorer than that, and even if you take the case of people whose income is more than Rs. 10 per month, I think their number will not exceed one million, in fact the majority of the people have only an income of less than Rs. 10 per month. Sir, I am pleading on behalf of that class of people whose income is less than even Rs. 10 per month, and I ask you that you should reduce your rates in their interest at least, because in these days everybody has to send his boys or wards to a distant place for their education, and a postcard once a week, if not twice, means much for them at the present rate. If you will imagine in your mind the dismal picture of poverty which I have drawn, then I have no hesitation in saying that you will reduce the postal rates and that you will not advance the argument that the department will suffer a loss, and so forth. Sir, it is not the principle of any civilised administration to charge for communications; in fact it is the duty of every Government to improve the means of communication without throwing an extra burden on the tax-payer. I therefore most fervently appeal to the Government to reduce the price of the postcards at least.

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

The Honourable Sir Bhupendra Nath Mitra: Sir, it is a matter of deep regret to me that though year after year on the debate for the reduction of postal rates I have tried my best to meet various arguments adduced by my friends on the opposite side, my friends do not care to pay any heed to those arguments, nor do they care later on even to read them in the published debates of this House. For, if they had been kind enough to

show me even that amount of consideration, much of the misunderstanding and heat generated in this House on the present occasion would have been avoided. For example, my friend Sir Purshotamdas Thakurdas accused me of, what shall I say, having walked into the parlour of my friend Sir Basil Blackett and made a present of Rs. 50 lakhs or so to him. Sir, that question of the interest charges is a matter which was examined by the Public Accounts Committee in connection with the accounts for the year 1924-25, and the Public Accounts Committee blessed the arrangements now in force. I referred to their decision when dealing with this question of the reduction of postal rates last year, but unfortunately my remarks have passed unheeded. Then again the old argument has been used that there was a large drop in the number of postcards used because we have raised the postal rates. I think my friend Mr. Duraiswamy Aiyangar went so far as to say that that measure has prevented 100 millions of the inhabitants of India from writing any postcard at all. Well, Sir, that is probably a slight exaggeration, as the total literate population of India is in the neighbourhood of 22 millions only. Last year I dealt in full with the reasons for that large drop in the number of postcards. That drop was due to the slackness of business which supervened on the trade boom which followed the Armistice; and the experience of other countries in the world has more or less been the same. Further I pointed out on that occasion that it is not a fact that there has been a continuous reduction in the number of postcards carried from year to year. After that large drop following the phenomenal slump in business there has been a steady rise in the number of postcards conveyed. I believe that the average rise in the last four years has been in the neighbourhood of 9 millions a year. Mr. Duraiswamy Aiyangar also said that by the end of 1923-24 there was an actual reduction in the number of our post offices. That is obviously explained by the operations of the Incheape Committee. He probably did not listen to what I said about the growth in the number of post offices in the last 3 or 4 years. It is hardly necessary for me to repeat those figures. My position in this matter, Sir, is substantially the same as it was in regard to the previous motions. We cannot possibly agree that the post office should play the part of a benevolent institution in this matter. That part of my argument, I believe, has already been accepted by several of the Honourable Members opposite. Mr. Birla, I think, in particular said he did not want the Postal Department to be run at a loss. Nor do I admit, as I have explained on previous occasions, that the poor man is really hit by the rate charged on the postcard. My friend Mr. Joshi, who is probably an expert on the subject, has already subscribed to that statement several times on the floor of this House, and it would be possible for me to quote many other Members including, I believe, the late Mr. Harchandrai Vishindas, who were also prepared to subscribe to that statement. I am very sorry for the poor people on whose behalf my friend Mr. Amar Nath Dutt and my friend Mr. Acharya made an appeal to me. But, Sir, if it had been possible for me to provide any effective remedy to that appeal, I should have made the postcard free. I should not have charged even the quarter anna. But unfortunately that is not a feasible proposition, because, if I did that, I should be simply robbing Peter to pay Paul. I rather prefer to look upon the Postal and Telegraph Department in the light of an institution which caters for certain services for the public and which levies certain fees which enables it to meet those charges. It is quite possible that on a year's working there may be a small profit

[Sir Bhupendra Nath Mitra.]

or a small loss. That cannot be avoided. If, however, there is a steady profit after meeting all requirements for development or for keeping the staff in a reasonable state of contentment, obviously it would be incumbent on Government to consider the question of a reduction of rates. On the other hand, if there is a steady loss Government will be compelled to consider the question of increasing the rates. As matters stand now, the reduction of the postcard rate from two pice to one pice will cost the department something like Rs. 90 lakhs or one crore. I gave the estimate last year, and in giving the estimate I fully dealt with the factor about increase in traffic. There may be an increase in traffic, but there will be a consequential increase in expenditure which will certainly swallow up the increased revenue, if it does not exceed the growth in revenue.

Mr. M. S. Aney: Will the Honourable Member give us a rough estimate of that?

The Honourable Sir Bhupendra Nath Mitra: I believe I gave some figures last year. I do not propose to be dogmatic in the matter. It is the experience all over the world. Quite recently I was reading a book, called the "Post Office", by Sir Evelyn Murray, who has been the Secretary to the Post Office in England since the year 1914. That book deals on page 29 with this particular matter, whether a reduction in the postage rate in England, for example, to the pre-war level, would result immediately in an increase in the traffic conveyed. This is what he says:

"With booming trade an increase on this scale"

—that is, on a scale sufficient to wipe out the initial loss—

"might perhaps be achieved in ten years, but certainly not in one, and in any case it would entail a heavy increase of expenditure which the enthusiasts conveniently overlook."

That, Sir, is the position. It is not necessary for me to dilate further on the subject, because I dealt with the matter in full while speaking on this subject about this time last year. If my Honourable friends will refer to my previous speeches they will find all the arguments and many relevant figures. That is my position. I have not got the money, and therefore in spite of the appeals to me, I am compelled with great reluctance not to be able to accept this proposition about the reduction of the postcard rate to one pice.

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.

(During progress of the Division.)

Mr. President: The Honourable Member (Mr. Yusuf Imam) wants to record his vote now. As he did not care to go into the lobby in proper time, I will not allow him to vote at this stage.

AYES—35.

Abdoola Haroon, Haji.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. M. S. Sessa.
 Badi-uz-Zaman, Maulvi.
 Bhargava, Pandit Thakur Das.
 Chunder, Mr. Nrmal Chunder.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Srish Chandra.
 Gulab Singh, Sardar.
 Iyengar, Mr. S. Srinivasa.
 Jogiah, Mr. Varahagiri Venkata.
 Kartar Singh, Sardar.
 Kidwai, Mr. Rafi Ahmad.
 Lahiri Chaudhury, Mr. Dharendra
 Kanta.
 Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jannadas M.

Misra, Mr. Dwarka Prasad.
 Mitra, Mr. Satyendra Chandra.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Naidu, Mr. B. P.
 Neogy, Mr. K. C.
 Ranga Iyer, Mr. C. S.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Shervani, Mr. T. A. K.
 Siddiqi, Mr. Abdul Qadir.
 Singh, Kumar Bananjaya.
 Singh, Mr. Narayan Prasad.
 Sinha, Kumar Ganganand.
 Sinha, Mr. R. P.
 Sinha, Mr. Siddheswar.

NOES—47

Abdul Asiz, Khan Bahadur Mian.
 Ahmad, Khan Bahadur Nasir-ud-din.
 Alexander, Mr. William.
 Allison, Mr. F. W.
 Anwar-al-Asim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayangar, Mr. V. K. Aravamudha.
 Bajpai, Mr. G. S.
 Blackett, The Honourable Sir Basil
 Bray, Sir Denys.
 Chatterji, Rai Bahadur B. M.
 Coatman, Mr. J.
 Cosgrave, Mr. W. A.
 Couper, Mr. T.
 Courtenay, Mr. R. H.
 Crawford, Colonel J. D.
 Creer, The Honourable Mr. J.
 Dakhan, Mr. W. M. P. Ghulam Kudir
 Khan.
 Ghazanfar Ali Khan, Raja.
 Ghuznavi, Mr. A. H.
 Graham, Mr. L.
 Irwin, Mr. C. J.
 Joshi, Mr. N. M.

Jawahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Captain.
 Keane, Mr. M.
 Lindsay, Sir Darcy.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Mukherjee, Mr. S. C.
 Parsons, Mr. A. A. L.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rao, Mr. V. Pandurang.
 Roy, Mr. K. C.
 Roy, Mr. S. N.
 Sams, Mr. H. A.
 Sassoon, Sir Victor.
 Shah Nawaz, Mian Mohammad.
 Shamaldhari Lall, Mr.
 Shilidy, Mr. J. A.
 Suhrawardy, Dr. A.
 Sykes, Mr. E. F.
 Taylor, Mr. E. Gawan.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Mr. President: I take it no Honourable Member wishes to move any further amendment in respect of the rate for postcards.

Raja Raghunandan Prasad Singh, No. 26. (The Honourable Member was not present). Rai Sahib Harbilas Sarda (The Honourable Member was not present). Mr. Muktar Singh, No. 29.

Mr. Mukhtar Singh (Meerut Division: Non-Muhammadan Rural): Sir, I beg to move:

"Then in Part I of Schedule II to the Bill the following be added to entry A (1):

'But in case of a joint Hindu family when the total income is less than Rs. 5,000—
N7.'

and consequential amendments be made in A (2)."

And if this amendment fails,

"That in Part I of Schedule II to the Bill the following be added to entry A (1):"

Mr. President: Order, order. The Honourable Member cannot move all the alternative amendments simultaneously. He must take them one by one.

Mr. Mukhtar Singh: We know, Sir, that this point has been raised several times in this House, that the members of a Hindu joint family are penalized by the Income-tax Act simply because they happen to be members of a Hindu joint family. The Government has been pleased to recognize the principle that the income-tax levied on the joint Hindu family should be levied on a higher scale than on ordinary persons in the case of super-tax, but they have not realized this principle in the case of ordinary income-tax. I ask, Sir, that when the justice of this case has been recognized in the case of super-tax, why should it not be recognized in the case of ordinary income-tax. The very fact that the Government has been pleased to recognize this factor in the case of super-tax clearly shows that a good case has been made out. But on account of certain other reasons best known to themselves they have not acceded to this principle in the case of ordinary income-tax. We find, Sir, that in the case of those gentlemen who are not members of a Hindu joint family, they can very well pay a much lower income-tax or may not pay any income-tax at all, if they happen to be the members of a Muhammadan family or a Christian family, though all the members may be

Mr. President: Order, order. I understand that our Muhammadan colleagues want to break their fast? (*Honourable Members:* "Yes.")

The House stands adjourned till to-morrow morning, eleven o'clock.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 17th March, 1928.