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**THE  
COUNCIL OF STATE DEBATES**

**(Official Report)**

**VOLUME VII**

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**FIRST SESSION**

**OF THE**

**SECOND COUNCIL OF STATE, 1926**



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# COUNCIL OF STATE.

*Monday, 1st March, 1926.*

The Council met in the Council Chamber at Eleven of the Clock, the Honourable the President in the Chair.

## QUESTIONS AND ANSWERS.

### DIFFERENTIAL TREATMENT ACCORDED TO EUROPEAN AND ANGLO-INDIAN AND INDIAN APPRENTICES IN THE RAILWAY WORKSHOP OF THE EAST INDIAN RAILWAY AT JAMALPUR.

120. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Is it a fact that differential treatment is accorded to Anglo-Indian and European first class bound apprentices as against their Indian colleagues in the Jamalpur East Indian State railway workshop, in the matter of their respective pays, allowances, pass, leave and holiday advantages, as well after employment as before it?

### ALLOWANCES OF EUROPEAN AND ANGLO-INDIAN AND INDIAN APPRENTICES IN THE EAST INDIAN RAILWAY WORKSHOP AT JAMALPUR.

121. THE HONOURABLE SHAH MUHAMMAD ZUBAIR Is it a fact:

- (a) that Indian, Anglo-Indian and European apprentices are taken in after passing a test examination of the same standard and thereafter have to undergo the same course of training; and
- (b) that Indian apprentices get only Rs. 30 each as their initial food and pocket allowances rising up to Rs. 40 in the fifth year of their training, whereas their European and Anglo-Indian fellow brethren start with Rs. 52 rising up to Rs. 75 in the last year, i.e., fifth year?

### INITIAL STARTING PAY, AFTER THE CONCLUSION OF THEIR COURSE, OF EUROPEAN AND ANGLO-INDIAN AND INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.

122. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Is it a fact that an Indian apprentice, after finishing his 5th year's course, is given, on employment, Rs. 61 only as his initial pay rising up to Rs. 81 at the rate of Rs. 5 a year, whereas his European and Anglo-Indian colleague starts with any pay between Rs. 170 and Rs. 190?

### SCALE OF PAY OF INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.

123. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Is it a fact that the scale of pay of passed Indian apprentices, after employment, is no higher than that of illiterate second class mistries before the introduction of the new system?

**NON-EMPLOYMENT OF INDIAN APPRENTICES TRAINED AT JAMALPUR  
AFTER THE CONCLUSION OF THEIR TRAINING.**

**124. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that most of the Indian apprentices are given no employment even after they have undergone the prescribed course of training?

**EMPLOYMENT AT HIGH RATES OF PAY OF EUROPEAN AND ANGLO-  
INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.**

**125. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that some trained Anglo-Indian and European apprentices, who possess no superior qualifications to those of the trained Indian apprentices, are employed on Rs. 210 or above by special sanction from the Agent?

**METHOD OF RECORDING ATTENDANCE OF EUROPEAN AND ANGLO-INDIAN  
AND INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.**

**126. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that passed Indian apprentices, after employment, have to draw attendance tickets and that their European and Anglo-Indian colleagues are allowed to record their attendance in the "Bundy Time Recorder"?

**METHOD OF ENTRANCE TO AND EXIT FROM THEIR WORK OF EUROPEAN  
AND ANGLO-INDIAN AND INDIAN APPRENTICES EMPLOYED ON THE  
EAST INDIAN RAILWAY.**

**127. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that passed Indian apprentices, when employed, have to enter and leave the shops by gates used also by coolies, whereas their Anglo-Indian and European colleagues enter and come out by the main gate?

**METHOD OF PAYMENT OF THE SALARIES OF EUROPEAN AND ANGLO-  
INDIAN AND INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.**

**128. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that Indian apprentices, after employment, receive their pay on the "Box-payment" system, whereas their Anglo-Indian and European colleagues sign their pay-sheets?

**OVERTIME ALLOWANCES OF EUROPEAN AND ANGLO-INDIAN AND INDIAN  
APPRENTICES ON THE EAST INDIAN RAILWAY.**

**129. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that passed Indian apprentices, after employment, and all other Indian employees in the workshop, get overtime allowances only for the actual periods of work, whereas all the Europeans and Anglo-Indians are allowed time and a half, that is to say, for working two hours' overtime they get three hours' allowance?

**HOLIDAYS OF EUROPEAN AND ANGLO-INDIAN AND INDIAN APPRENTICES  
ON THE EAST INDIAN RAILWAY.**

**130. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that the "no work, no pay" system obtains in the said workshop in the

case of Indian employees, whereas Anglo-Indian and European employees enjoy all the holidays with full pay?

**LIABILITY TO SEARCH OF INDIAN APPRENTICES EMPLOYED ON THE EAST INDIAN RAILWAY.**

**131. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that trained Indian apprentices, when employed, are liable to have their persons searched and that their Anglo-Indian and European colleagues are not so liable?

**TRAVELLING PASSES GRANTED TO EUROPEAN AND ANGLO-INDIAN AND INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.**

**132. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** Is it a fact that, owing to disparity in the matter of pay and allowance, an Indian apprentice, during his training period as well as after employment in the workshop, gets third class free pass for travelling, whereas his Anglo-Indian and European colleagues enjoy intermediate and second class free passes?

**EUROPEAN AND ANGLO-INDIAN AND INDIAN APPRENTICES ON THE EAST INDIAN RAILWAY.**

**133. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** If the answer to all or any of the preceding questions be in the affirmative, do the Government propose to take measures to alter the present position?

**GRANT OF HOLIDAYS FOR IMPORTANT FESTIVALS TO MUHAMMADAN CLERKS, APPRENTICES AND COOLIES EMPLOYED ON THE EAST INDIAN RAILWAY WORKSHOP AT JAMALPUR.**

**134. THE HONOURABLE SHAH MUHAMMAD ZUBAIR:** (a) Is it a fact that Muhammadan clerks, apprentices and coolies in the Jamalpur workshop are allowed no holidays even for such important festivals as Id, Bakr Id, etc., and that office clerks are allowed to absent themselves on those days only at the cost of the usual period of casual leave allowed to them?

(b) If the answer to (a) be in the affirmative, do the Government propose to take any action in the matter?

**THE HONOURABLE MR. D. T. CHADWICK:** Sir, with your permission, I propose to reply to questions Nos. 120—134 together. The Government are making inquiries and will communicate with the Honourable Member in due course.

**GOODS TRAINS ON BROAD GAUGE RAILWAYS.**

**135. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** What has been the approximate number in each of the last 3 years of through goods trains on broad gauge railways running distances of 300 miles or over in which the number of wagons calculated on the 4-wheeler basis was 72 or more?

**THE HONOURABLE MR. D. T. CHADWICK:** The information asked for by the Honourable Member is not readily available on railways and cannot be obtained without an expenditure of time and labour which the value of results would not warrant.



**SUFFICIENCY OF WATER IN THE INDUS FOR THE SUKKUR BARRAGE  
AS WELL AS THE IRRIGATION SCHEMES IN THE PUNJAB.**

**186. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Is it a fact that some time ago the Government of India expressed the opinion that there is sufficient water in the Indus for the Sukkur Barrage as well as for all the coming irrigation schemes in the Punjab (Thal and Havelian)?

**THE HONOURABLE MR. A. H. LEY:** The answer is in the negative.

**DISPUTE BETWEEN THE GOVERNMENT OF BOMBAY AND THE PUNJAB  
GOVERNMENT REGARDING THE APPORTIONMENT OF WATER IN  
THE INDUS.**

**187. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** (a) Will the Government be pleased to state the exact nature of the dispute between the Government of Bombay and the Punjab Government with regard to the apportionment of water in the Indus?

(b) Will the Government be pleased to state when it is likely to decide this dispute?

**THE HONOURABLE MR. A. H. LEY:** (a) The dispute relates to the question whether on the completion of the Sutlej Valley Project there will be sufficient water in the Indus and its tributaries to allow of other large projects being undertaken without prejudice to the Sukkur Barrage Project.

(b) Government are not in a position to say when a decision is likely to be reached.

**ARTICLE IN THE ENGINEERING SUPPLEMENT OF THE TIMES REGARDING  
THE GAUGES AND DISCHARGES AT SUKKUR.**

**188. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Has the attention of the Government of India been drawn to an article written by Mr. F. W. Woods, late Chief Engineer of the Punjab, in the Engineering Supplement of the *Times*, dated 5th April, 1924, on the subject of the gauges and discharges at Sukkur during the last 50 years?

**THE HONOURABLE MR. A. H. LEY:** The answer is in the affirmative.

**SPEECH OF DR. SUMMERS, LATE CHIEF ENGINEER, SIND, REGARD-  
ING THE AVERAGE LEVEL OF WATER AT SUKKUR DURING THE  
LAST 60 YEARS.**

**189. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Has the attention of the Government of India been drawn to a speech which Dr. Summers, late Chief Engineer of Sind, read before the East India Association in July, 1921, on the subject of the average level of water at Sukkur during the last 60 years?

**THE HONOURABLE MR. A. H. LEY:** The answer is in the affirmative.

**PURCHASE OF GOVERNMENT STORES THROUGH THE INDIAN STORES  
DEPARTMENT.**

**140. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU:** (a) Will the Government of India be pleased to state if it was the object of the Govern-

ment, in creating the Indian Stores Department, to further the development of Indian industries?

(b) If the answer to (a) is in the affirmative, will the Government kindly say whether the requirements of the Central and Local Governments are being supplied by the Indian Stores Department and whether the supplies are all of Indian make?

THE HONOURABLE MR. A. H. LEY: (a) Yes, this was one of the principal objects in view.

(b) Local Governments and the consuming departments of the Central Government are not compelled to purchase all their requirements through the Indian Stores Department. The purchases made by this Department include imported stores which may be purchased in India in accordance with the Stores Purchase Rules of the Central Government (provided certain conditions are fulfilled) in addition to supplies of Indian manufacture.

#### PURCHASE OF GOVERNMENT STORES THROUGH THE INDIAN STORES DEPARTMENT.

141. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Is there any Local Government or Department of the Central Government which purchases the stores required by it through its own agency without placing the order through the Indian Stores Department?

THE HONOURABLE MR. A. H. LEY: Yes; I would refer the Honourable Member to Chapter III of the Administration Report of the Indian Stores Department for the year 1924-25, a copy of which is available in the Library.

#### LEVY OF CHARGES FOR SERVICES PERFORMED BY THE INDIAN STORES DEPARTMENT.

142. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Is the Indian Stores Department run on commercial lines and, if so, what percentage do the Government charge for the services of the Department?

THE HONOURABLE MR. A. H. LEY: The Department is not run on commercial lines in the sense of levying such charges for its services as completely cover the cost of its operation. But charges of 1 per cent. under each head are levied for the services of the Department in respect of purchases and of inspection carried out by it. Other charges, according to special scales, are levied for work done by the Metallurgical Inspectorate at Jamshedpur and the Government Test House at Alipore.

#### ABOLITION OF THE LEVY OF THE DEPARTMENTAL CHARGES CHARGED BY THE INDIAN STORES DEPARTMENT.

143. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Is there any proposal to abolish the levy of the departmental charges charged by the Indian Stores Department?

THE HONOURABLE MR. A. H. LEY: Such a proposal has been considered, but Government, as at present advised, are not disposed to pursue it.

**TOTAL VALUE OF PURCHASES MADE BY THE INDIAN STORES DEPARTMENT DURING THE LAST TWO YEARS, ETC.**

144. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: What was the total value of purchases made by the Indian Stores Department during the past two years, the percentage charges levied on the indenting departments and the maintenance charges of the Indian Stores Department during the same period?

THE HONOURABLE MR. A. H. LEY: The figures are as follows:

	Total value of purchases made by the Indian Stores Department.	Percentage charges levied in respect of the foregoing purchases (not completely adjusted within the same financial year).	Total cost of the maintenance of the Indian Stores Department.
	Rs.	Rs.	Rs.
1923-24	1,67,24,401	1,67,244	9,22,667
1924-25	2,59,11,141	2,59,111	10,36,772

I should like to explain that the difference between the figures showing the percentage charges and the cost of maintenance do not represent the actual loss on the working of the department, the revenue of which includes, in addition to the charges of 1 per cent. on purchases arranged:

- (1) One per cent. for inspection of stores purchases by the department if they are also inspected;
- (2) Inspection fees on stores purchased direct by other departments of Government but the inspection of which is entrusted to the Indian Stores Department;
- (3) Testing fees for tests and analyses carried out by the Government Test House; and
- (4) Miscellaneous receipts by sale of tender forms, etc.

The receipts and expenditure of the department as a whole for the last two years compared as follows:-

	Receipts.	Expenditure.
	Rs.	Rs.
1923-24	5,69,650	9,22,667
1924- 5	7,63,208	10,36,772

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: May I know if the percentage levied is sufficient to cover the cost of the stores organisation?

THE HONOURABLE MR. A. H. LEY: As already explained in my answer

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: I did not hear the Honourable Member at all.

THE HONOURABLE MR. A. H. LEY: I am afraid the reply is rather long. The percentage does not at present cover the whole cost of the maintenance of the Department.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: If not, how do the Government propose to meet the deficit?

THE HONOURABLE MR. A. H. LEY: I should explain that during the process of the organisation of the Department it is hardly to be expected that the percentage charges levied should cover the whole cost of the Department, because until the Department is fully organised and fully utilised, the overhead charges are higher than they would otherwise be. It is hoped that as the Department grows the charges will cover the cost of maintenance.

#### NUMBER OF INDIAN OFFICERS EMPLOYED IN THE INDIAN STORES DEPARTMENT.

145. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: What is the total number of Indian officers at present in the headquarters and provincial branches of the Indian Stores Department?

THE HONOURABLE MR. A. H. LEY: There are at present 22 Indian officers of gazetted rank, of whom 5 are employed at headquarters and 17 in the Provincial Circles?

#### INDIANISATION OF THE INDIAN STORES DEPARTMENT.

146. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Was it the intention of the Government to Indianize the Department when it was first started?

THE HONOURABLE MR. A. H. LEY: I would invite the Honourable Member's attention to paragraphs 196 and 234 of the Stores Purchase Committee's Report which indicate the policy followed by the Government of India in this matter.

#### PURCHASE OF BLACK LEAD PENCILS FOR THE USE OF GOVERNMENT OFFICES.

147. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Will the Government be pleased to state:

- (a) the actual quantity of black lead pencils indented for by the Government of India during the past three years;
- (b) whether the supplies were obtained from accepted tenderers or purchased from the market as occasion arose; and
- (c) if the latter, whether they were purchased from Indian or foreign markets, and what was the quantity from each source during the past three years?

THE HONOURABLE MR. A. H. LEY: (a) 1923-24, 4,895 gross, 1924-25, 4,080 gross, and 1925-26, 5,220 gross.

(b) From accepted tenderers only.

(c) Does not arise.

**PURCHASE OF PENCILS FOR THE USE OF GOVERNMENT OFFICES FROM THE  
MADRAS PENCIL FACTORY.**

148. **THE HONOURABLE RAO SAHIB DR. U. RAMA RAU:** (a) Are the Government aware of the existence of a firm in Madras known as "The Madras Pencil Factory"?

(b) Was any offer made by "The Madras Pencil Factory" recently to supply the Government of India with the requisite quantity of pencils at a cheap rate?

(c) What have the Government done to support the indigenous pencil industry?

**THE HONOURABLE MR. A. H. LEY:** (a) and (b). Yes.

(c) Orders have, when possible, been placed in India. Large orders were formerly placed with the particular firm mentioned in the previous parts of this question, but owing to the poor quality of the pencils supplied, which led to numerous complaints, the placing of further orders had to be discontinued.

**THE HONOURABLE RAO SAHIB DR. U. RAMA RAU:** May I ask for what period the firm was supplying?

**THE HONOURABLE MR. A. H. LEY:** 1923-24, and 1924-25, as far as I recollect. No orders were placed for 1925-26, or it may be perhaps a year earlier. I am not quite sure.

**THE HONOURABLE SIR ARTHUR FROOM:** May I ask the Government whether the pencils supplied to the Honourable Members of this Council come from the Madras factory?

**THE HONOURABLE MR. A. H. LEY:** I am unable to answer that question.

**ESTABLISHMENT OF THE PUBLIC SERVICES COMMISSION.**

149. **THE HONOURABLE RAO SAHIB DR. U. RAMA RAU:** Will the Government of India be pleased to state when the Public Services Commission proposed by the Royal Commission on Public Services is likely to be constituted?

**THE HONOURABLE MR. J. CRERAR:** I regret that I am not yet in a position to give the Honourable Member the information for which he asks, as the personnel of the Public Services Commission is still under the consideration of the Secretary of State in Council.

**SMUGGLING OF SACCHARINE.**

150. **THE HONOURABLE RAO SAHIB DR. U. RAMA RAU:** (a) Is it a fact that the Government of India imposed a duty of Rs. 20 per pound on the imports of saccharine, in March 1923, to protect their revenue from sugar?

(b) Is it a fact that the actual import of saccharine to India from foreign countries has decreased during the past two years and, if so, by how much per cent.?

(c) Is it a fact that the market price of saccharine in India has not gone up and that it is being sold at Rs. 7 per pound?

(d) Have the Government received representations from the saccharine merchants of Bombay that there is a good deal of smuggling going on in saccharine and that the Government of India and the saccharine merchants have been put to considerable loss owing to the activities of the smugglers?

(e) If so, what action have the Government of India taken thereon?

THE HONOURABLE MR. D. T. CHADWICK: (a) Yes.

(b) Customs duties were collected in 1923-24 on 6,778 lbs., in 1924-25 on 13 lbs. and in the first nine months of this year on 11 lbs. The decrease in imports of duty paid saccharine is therefore 99.60 of the duty paid imports in 1923-24.

(c) Yes. The Government have been informed that saccharine has been freely sold in Bombay at prices in the neighbourhood of Rs. 7 per lb.

(d) Yes.

(e) The Government proposed to reduce the duty on saccharine to Rs. 5 a lb. and included a clause to that effect in the Tariff Amending Bill introduced this Session in another place.

#### INQUIRY INTO THE PREVALENCE OF TUBERCULOSIS IN INDIA.

151. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Is it a fact that in 1918 or thereabouts the Government deputed Dr. Lankester, I.M.S., to investigate and report on the best method of combating tuberculosis?

(b) If so, will the Government be pleased to lay the papers on the table of the House and to state what action was taken thereon?

(c) Do the Government propose to institute a fresh inquiry into the matter?

THE HONOURABLE SIR MUHAMMAD HABIBULLAH: (a) and (b) Dr. Lankester, who was not a member of the I. M. S., but a missionary doctor, was deputed by the Indian Research Fund Association in 1914 to conduct an inquiry into the prevalence of tuberculosis in India. Copies of the report submitted by him and of a memorandum by the Scientific Advisory Board of the Indian Research Fund Association on this report were forwarded to all Local Governments for information and such action as they considered necessary. The question of making these papers public will be considered.

(c) The matter is now primarily the concern of Local Governments, and the Government of India do not at present contemplate instituting a fresh inquiry.

#### IMPORT DUTY ON SACCHARINE.

152. THE HONOURABLE MR. ANUGRAH NARAYAN SINHA: (a) Will the Government be pleased to state the rate at which the duty on import of saccharine is levied?

(b) Is it a fact that this import duty was intended to protect the revenue from sugar? If the answer be in the affirmative, has it attained the object in view?

THE HONOURABLE MR. D. T. CHADWICK: (a) Rs. 20 per lb.

(b) The answer to the first part is yes and to the second part no.

## SMUGGLING OF SACCHARINE.

153. THE HONOURABLE MR. ANUGRAH NARAYAN SINHA: Is it a fact that the saccharine merchants of Bombay have drawn the attention of the Government of India to the existence of smuggling on a large scale?

THE HONOURABLE MR. D. T. CHADWICK: Yes, Sir.

## SUPPRESSION OF THE SMUGGLING IN SACCHARINE.

154. THE HONOURABLE MR. ANUGRAH NARAYAN SINHA: (a) Is it a fact that the Saccharine Merchants' Association made many practical suggestions for the suppression of smuggling?

(b) Do the Government propose to give effect to them? If not, will the Government be pleased to state their reasons?

THE HONOURABLE MR. D. T. CHADWICK: (a) and (b). The Government gave very careful consideration to the suggestions received from this Association but did not adopt them because they entailed applying to dealings in saccharine the whole machinery of the Excise administration with powers of search, seizure and punishment for being in possession of unlicensed saccharine. The Government did not think that such measures would either be acceptable to the country or would be advisable.

## ABOLITION OF THE IMPORT DUTY ON SACCHARINE.

155. THE HONOURABLE MR. ANUGRAH NARAYAN SINHA: Is it a fact that the Government of India contemplate abolishing import duty on saccharine altogether?

THE HONOURABLE MR. D. T. CHADWICK: No.

QUANTITY OF SACCHARINE IMPORTED INTO INDIA FOR THE YEARS  
1919-20 TO 1924-25.

156. THE HONOURABLE MR. ANUGRAH NARAYAN SINHA: Will the Government be pleased to lay on the table a statement giving the figures for the import of saccharine for the years 1919-20 to 1924-25?

THE HONOURABLE MR. D. T. CHADWICK: A statement is laid on the table.

*Statement showing the quantity and value of saccharine imported into British India during the years 1919-20 to 1924-25.*

Year.	Quantity.	Value.
	lbs.	Rs.
1919-1920 . . . . .	41,810	4,45,700
1920-1921 . . . . .	55,750	7,44,270
1921-1922 . . . . .	48,939	4,17,165
1922-1923 . . . . .	1,00,254	3,86,922
1923-1924 . . . . .	33,915	1,14,915
1924-1925 . . . . .	2,080	12,607

## RESULT OF THE ELECTION TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: I have to announce to the House the result of the election held on Thursday last to the Central Advisory Council for Railways. The following Members have been elected:

The Honourable Sir Arthur Froom.

The Honourable Mr. V. Ramadas Pantulu.

The Honourable Mr. Phiroze C. Sethna.

The Honourable Mr. J. W. A. Bell.

The Honourable Mr. K. C. Roy.

The Honourable Rai Bahadur Lala Ram Saran Das.

The Honourable Raja Sir Rampal Singh, and

The Honourable Mr. Shah Muhammad Zubair.

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## ELECTION TO THE ADVISORY PUBLICITY COMMITTEE OF MESSRS. RAMADAS PANTULU AND KHAPARDE.

THE HONOURABLE MR. J. CRERAR (Home Secretary): I move:

"That this Council do proceed to elect the Honourable Messrs. Ramadas Pantulu and Khaparde to be members of the Advisory Publicity Committee in the place of Sir Maneckji Dadabhoy and Mr. G. A. Natesan, who have ceased to be Members of this Council."

The motion was adopted.

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## ELECTIONS TO THE PANELS OF DEPARTMENTAL STANDING COMMITTEES.

THE HONOURABLE THE PRESIDENT: Honourable Members will now proceed to elect the panels of the four departmental Standing Committees beginning with the election for the Home Department.

(The ballots were then taken.)

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## GENERAL BUDGET FOR 1926-27.

THE HONOURABLE MR. A. C. McWATTERS (Finance Secretary): Sir, I rise to present a statement of the estimated expenditure and revenue of the Governor General in Council for the year 1926-27 in respect of subjects other than Railways. I should perhaps first explain to the House the reason why we have reverted this year to the old procedure of introducing the Budget on the 1st March instead of, as in the last two years, on the last day of February. There has been no change of policy. It is because not only was the last day of February a Sunday, but the day before was an important Hindu holiday and we were unable to go further back and introduce the Budget on the 26th of February, because the holiday on Saturday was not one which was observed at all the customs ports. We have therefore reverted to the old procedure, I hope only temporarily: provided that is that the calendar does not play us any further tricks.



[Mr. A. C. McWatters.]

First of all I will as usual give the House some account of the final figures of the year which ended last March, the year 1924-25. The detailed accounts of that year have only just reached us—I myself got my copy last week. A year ago in our revised estimates we anticipated that there would be a surplus of approximately 4 crores in that year. The final surplus as shown by the audited accounts is 5.68 crores. This difference of one crore and 68 lakhs is fully accounted for under two heads of the Budget. In the first place there has been a saving in military expenditure of 70 lakhs which took place entirely in England and was due to reduced purchases of stores and also to certain adjustments of war expenditure with the War Office. I might mention at this point that these adjustments have nothing whatever to do with the major war claims about which this House on various occasions has heard a good deal. Negotiations have been proceeding throughout the year in connection with those claims, and I hope that before very long we shall arrive at a solution not unfavourable to this country. The other source which added to our surplus was Railways. The contribution from Railways to central revenues was larger by no less than 114 lakhs. This was due largely to the increased earnings of the Railways during the months of February and March, mainly on account of the early movement of the cotton and grain and other crops which set in in those months. This early movement incidentally largely accounts for the reduced earnings of the Railways in the following months of the summer. The working expenses of Railways were also lower, partly on account of certain economies which were introduced, and partly on account of adjustments which were necessitated in connection with the decision of the Privy Council by which the customs duty on imported stores on company lines had to be credited to railway revenues. So far as the rest of the civil Budget is concerned, the difference between the revised and actuals is 15 lakhs only, of which 11 lakhs is under Posts and Telegraphs. There were, it is true, considerable divergences in both directions under different heads, but I think on the whole we can take considerable credit for being as accurate as we were. I will return, when I come to the subject of ways and means, to this increased revenue surplus of 168 lakhs, because last summer when we took the decision to do without a cash loan there was a good deal of misunderstanding in certain quarters as to how we were able to effect this. Certain people imagined that the Finance Member had many crores of revenue surplus up his sleeve, but when we come to the ways and means portion of the Budget, I shall explain to the House exactly what our increased ways and means resources were.

I now pass to the current year. The Honourable Sir Arthur Froom speaking in this House a few days ago on the Railway Budget said that it had been a year of trade depression. The Honourable Member's views are not unnaturally coloured by the position in Bombay and by the very serious depression in the cotton mill industry. That industry has been passing through a crisis, perhaps the severest in its history, and it is not unnatural that it has cast a shadow over the year as a whole. Also it has been a year of falling prices, and falling prices are not usually coincident with expanding trade. In December 1924 the wholesale index number of prices in India was 176. It had fallen 12 months later to 163, and this fall is almost exactly parallel to the corresponding fall of sterling prices

in England. A year ago the price of raw cotton and the price of cotton piece-goods were far above the general level. In the last year the price of raw cotton has largely readjusted itself, but cotton piece-goods still maintain their unenviable position in spite of some fall in price in the last six months. There are however some brighter spots in the picture. In spite of the fall in prices which I have mentioned, the total volume of the foreign trade of India in the 10 months ending January last has reached very nearly 500 crores, which is very little less than the figure for the corresponding 10 months of the year before; and, still more important, the balance of trade in those 10 months has been in favour of India (after taking into account imports of gold and silver) to the extent of nearly 86 crores. This can be compared with 42 crores in the year before and 63 crores in the year before that. This favourable balance of trade is an important matter for a country situated as India is and it has helped us not a little to maintain a steady level of exchange during the last year. Also there is another point which I should like to emphasise and that is that Government were able to keep out of the loan market altogether during this year, and this, I think, has contributed considerably to the much greater easiness in the money market which has been characteristic of the present busy season. We have to go back many years before we can find a bank rate of 6 per cent. at this time of the year; nor has the Imperial Bank so far been compelled to take any portion of their seasonal loans from currency. All the same the feature of the situation which has been uppermost in our minds is no doubt the position of the cotton mill industry, and although it is anticipating a little what I shall have to say later, I will tell Honourable Members now that the Finance Bill, which will shortly be in their hands, contains a clause for the repeal of the cotton excise duty, I hope for ever.

The figures for our revised estimates for the current year under Customs naturally are affected by the suspension of the cotton excise duty from December. We shall lose thereby 71 lakhs. Also the depression in the piece-goods trade will mean that we shall be short by a crore and a quarter under that head. On the other hand, the imports of sugar have been exceptionally large, and as the duty is now at a specific rate instead of as previously *ad valorem*, we get the full advantage of the increased imports. We expect to get 130 lakhs more from sugar alone, which more than counterbalances the loss under piece-goods. Other heads of the tariff which have done well during the war have been the protective and export duties, and more particularly the petrol excise which in spite of the reduction by one-third in the rate will yield more money in the current year than in the year before. There have also been very good imports of motor cars, I am glad to say mostly of British makes. The net result is that under Customs we expect to have an improvement of 50 lakhs in spite of the suspension of the cotton excise duty. Under Taxes on Income, I am afraid the picture is not quite so rosy. We adopted a figure which was 87 lakhs below the Budget of the previous year. I am sorry to say that we expect to be short by no less than 110 lakhs under this head. Also under Salt, in the early months of the year there were considerable accumulations of stocks which affected issues, especially in Northern India, and although the issues in the later months have been well up to normal, we expect to be short by 55 lakhs. Under Opium we had to ask for a supplementary grant of 51 lakhs in the autumn, but we shall only use 35 lakhs of that, and on the other hand the stocks of opium which were taken

[Mr. A. C. McWatters.]

over and paid for by Provincial Governments on the 31st March have proved to be higher by 24 lakhs than we had calculated, and also the receipts from our sales have been somewhat higher; so that under the Opium head as a whole we shall have an improvement of 48 lakhs, and the net revenue from Opium will be slightly over 2 crores. Under Railways, as the House knows, we shall get a small increase of 8 lakhs in the contribution. The only other items I need mention on the revenue side are a considerable improvement in the interest on our cash balances in England and on the interest on the securities in the Paper Currency Reserve. This also is the first year in which we obtain an instalment of the reparation receipts from Germany under the Dawes scheme—a small item of about £60,000.

Turning to the expenditure side, exchange has been slightly higher than the figure which we took, *viz.*, 1s. 6d., and we expect to gain 10 lakhs from this source, besides small amounts under Railways and under capital heads. In respect of military expenditure we took a figure of 56½ crores, and this figure will be almost exactly worked to. The figure which we are adopting in the revised estimate is 56 crores 28 lakhs. In fixing the figure of 56½ crores for the Budget we made an overhead cut of 20 lakhs in military expenditure, and it will be seen that this cut has been practically given effect to. The same is true of the civil expenditure. We made an overhead cut of 15 lakhs under 12 different heads, and this will be given effect to in all cases except two—the Survey of India and the Indian Stores Department, for both of which we have had to ask for supplementary grants. But on the civil side there are four big items of a book-keeping character which have the effect of adding to our surplus. The first of these is connected with the new procedure relating to capital stores for the Telegraph Department. The House may remember that in the current year we are taking these stores direct to the capital head instead of, as under the old procedure, taking them first to a suspense head. The result of this is that in the current year we obtain a non-recurring credit of the value of the stores in suspense on the 31st March last. This was expected to be 129 lakhs. The value of these stores on the 31st March is now however found to be 181 lakhs; so we obtain 52 lakhs non-recurring credit under this head. Secondly, there is the item to which I have already referred, the increased value of the stocks of opium in our treasuries which were taken over and paid for by Provincial Governments amounting to 24 lakhs; and thirdly, there is an item of 30 lakhs which results from the Government of Bombay paying interest on some of their loans from the Provincial Loans Fund for 15 months instead of 12, their object being to bring their interest payments down to 31st March, which is a more convenient date for them; and finally, there is an item of 17 lakhs which is due to the cost of certain buildings for the Security Printing Press at Nasik being transferred from revenue to capital at the wish of the Assembly. These four items taken together amount to 123 lakhs, and if it had not been for these items, our revised estimates would have been almost the same as the Budget. As it is, taking account of the 24 lakhs surplus for which we budgetted, our expected surplus in the current year will be 130 lakhs.

This 130 lakhs would in the ordinary course go automatically to debt redemption, but the Government of India have a proposal of a somewhat novel kind to put before the Legislature, to apply 50 lakhs of this surplus

to form the nucleus of an Archaeological Trust Fund for the prosecution of archaeological research and excavation. All of us must, I think, have been impressed by the interest and importance of the recent discoveries of ancient civilizations in the Indus Valley which take us back long before the Christian era and link up India with the ancient civilizations of the valleys of the Tigris and Euphrates, and perhaps take us still further back to the very dawn of history. To prosecute these researches is a national privilege and a national duty. They have a value which is incalculable not merely in illuminating the origins of Indian civilisation, but in throwing light on the origins of the civilisation of the world. There are obvious advantages in making this endowment a permanent one and not depending upon the supply of funds year by year. First of all, it ensures continuity—continuity in working out a definite programme over a period of years, and continuity in training the necessary expert staff with certainty of permanent employment; and secondly, we hope that the initiation of this Fund will strike the imagination of individuals and of bodies outside Government. We hope to enlist their interest and their co-operation and to obtain from them perhaps also financial support. Who knows, we may even find our Rockefeller. The details of this proposal will be explained to the House on a later occasion. At the present moment I am principally concerned with emphasising the financial effect of it. So far as the current year is concerned, it simply means that 50 lakhs of the surplus which would otherwise go to debt redemption is used to capitalize an annual charge of about  $2\frac{1}{2}$  lakhs. So far as future Budgets are concerned, it means that the Budgets will be relieved of this charge of  $2\frac{1}{2}$  lakhs, but as we must assume that our borrowings will ultimately be increased to the extent of 50 lakhs on which we shall have to pay interest, the financial effect, so far as future Budget is concerned, is *nil*.

Before I turn to the Budget for next year, I should like to mention some changes which have been made in the form of the documents which will shortly be presented to the House. The first and most obvious change which will strike the eye is that a number of the documents have been printed this year in octavo form. By so doing, we save a considerable amount of expenditure in printing because much of this information has in any case to be printed in octavo form for presentation to Parliament. Also we hope that the octavo form will be found more convenient to handle; and remembering a complaint which I heard the other day from an Honourable gentleman opposite I hope that the printing will not be found so small as to try the eyes of elder statesmen. The most important change which we have made is in the Demands for Grants. During the course of the year the Auditor-General has been conducting an inquiry into our Appropriation Reports with the object of improving their form and adopting, so far as possible, the form which is in force in England. His inquiry was undertaken at the request of the Public Accounts Committee and his recommendations have been approved by them. It is as a corollary of these that we are making changes in the form of the Demands for Grants, the most important of which is that the details will be shown in all cases under the sub-heads of account by which the expenditure will be finally accounted for, so that the Public Accounts Committee can follow the actual expenditure under each sub-head more easily and can watch the reappropriation from one head to another. I may add that the Demands for Grants contain the usual information by circles of account and all the detailed information in the same fulness as before.

[Mr. A. C. McWatters.]

I now turn to the Budget. As usual we have to fix a rate of exchange, but this year I think we had no option but to accept the rate of exchange which has practically been prevalent for the last 18 months. We have adopted, as in the current year, 1s. 6d. As regards military expenditure we have taken a figure of 54·88 crores, which is 137 lakhs below the Budget for last year. This year the military Budget is disturbed by fewer non-recurring items, but it still includes a sum of '66 lakhs for gratuities to demobilised officers and 23 lakhs for buildings in Waziristan and for the Royal Air Force, and it also contains a non-recurring credit of 25 lakhs from surplus war stores. The House will see that we have now long passed the first stage of the Inchcape Committee's recommendations, namely, 57 crores, and have proceeded some way towards their second goal. It may be said that the military Budget has been helped a good deal by exchange standing at 1s. 6d. instead of 1s. 4d. which was the rate taken by the Inchcape Committee. That is true, but on the other hand the Army has now to bear a large number of charges which were not contemplated by the Inchcape Committee. For instance, they now bear the customs duty on imported stores and also the charges for stationery and printing and a large number of similar items. I shall not trouble the House with further details about the Military Budget, because I think Honourable Members will wish to go into it fully for themselves. But I may say that in the military estimates this year are given explanations in much greater fulness than has ever been attempted before.

So far as civil expenditure goes, there is an apparent increase of 30 lakhs over the revised estimate for this year. But this increase really disguises a very large decrease because in the current year, the House will remember, we have a large non-recurring credit of 181 lakhs from telegraph capital stores. In the budget year, on the other hand, we are able to point to a definite saving of more than 1 crore in interest charges. This of course is due to our having been able to meet our capital expenditure including that for the Railways and Provincial Governments without fresh borrowing. The actual reduction in the interest on our market debt is 179 lakhs. We have to set off against this, however, an increase of 75 lakhs in the interest on our unfunded debt which includes provident funds, post office cash certificates and savings banks and so on. The other item of civil expenditure to which I should like to draw attention is Opium. The expenditure under Opium has been reduced very drastically in the coming Budget, both because we have restricted the area of cultivation and also because we are reducing the prices paid to cultivators. On the other hand, we do not next year obtain a non-recurring credit from stocks of opium in treasuries and the net result is that our income from opium next year will be practically the same as in the current year, slightly over 2 crores.

Last year I was able to tell the House that we had made a beginning in extending our expenditure for items of a specially beneficial character. This year I am glad to be able to tell the House that we have found it possible to go a good deal further. I will give the House a few instances of such items. First of all we have raised the grant to the Indian Medical Research Fund to 6½ lakhs; secondly, we have given a recurring increase of one lakh for education in the North West Frontier Province and also a non-recurring grant of 1½ lakhs to the Government High School at Peshawar; we have provided Rs. 50,000 for the Victoria Hospital at Ajmer and a

similar sum for Dr. Shroff's new Eye Hospital at Delhi. We have increased the recurring grants to the Aligarh and Benares Universities by Rs. 25,000 each and that to the Delhi University by Rs. 10,000 and to the two first named Universities we have given non-recurring grants of 2 lakhs each as the first instalment of non-recurring grants. We have also allotted a considerable sum towards the completion of the Forest Research Institute at Dehra Dun and have added to our grants to the Research Institutes at Coimbatore, Pusa, Muktesar and elsewhere. I think the House will realise that now that we are able to do something for the provinces by enabling them to extend their expenditure on beneficial services, we are not unmindful of our own obligations of a similar character.

So far as the revenue side of the Budget is concerned, I need only mention that under Customs we cannot expect to get the same return from sugar, but we do expect a better return under piece-goods. We expect trade to be slightly better on the whole and have adopted a figure which is 130 lakhs better than the revised estimate for this year, but for the moment this figure includes  $1\frac{1}{2}$  crores for the cotton excise duty. Excluding this our figure would be 45 lakhs below the revised estimate of this year. Under Taxes on Income we have had to take into account the serious depression in the Bombay mill industry and we have adopted a figure which is 10 lakhs below the revised estimate for the current year, that is no less than 120 lakhs below the Budget for last year. Under Salt we have budgetted for a normal year. From Railways we get a contribution of 601 lakhs, because the basic year happens to be a favourable one. I will deal slightly more fully with Posts and Telegraphs. In the current year the net result of the profit and loss account of that Department—which I may remind the House is not by any means yet a final account, some figures, such as those for interest, being still doubtful quantities—is neither a profit nor a loss. In the coming year we expect the working expenses of the department to be higher by 61 lakhs, which includes a substantial amount improving the conditions of service of the subordinate staff. On the other hand we do not expect the gross revenue to be more than 41 lakhs better than in the current year. The final result according to the profit and loss account is that the Department will be working at a loss next year of 10 lakhs. The Postal Department will show a profit of 20 lakhs, the Telegraph Department a loss of 20 lakhs and the Telephone Department a loss of 10 lakhs. I do not wish to draw any inferences from this, though I think Honourable Members will find that the Honourable the Finance Member in another place is drawing such inferences. I will merely say that the Department seems to be in a state of unstable equilibrium. The only other head of the Budget to which I wish to refer is that we are still taking to revenue the interest on the Paper Currency Reserve and the excess of the Gold Standard Reserve over 40 millions. There is no doubt that the Royal Commission on Currency when they report may make recommendations regarding these reserves of an important character, but we are entitled to assume that whatever their recommendations may be the net profit which Government obtain from these sources should be the same as before. We are now able to strike a balance and remembering that in the revenue side I have included  $1\frac{1}{2}$  crores for the cotton excise duty, the surplus for the budget year works out at 805 lakhs.

Before discussing what is to be done with this surplus I will turn to ways and means. The ways and means portion of our Budget is certainly

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not the least important and I think that this year it presents several striking features. I will take the House back to the extra revenue surplus of 168 lakhs which we had in the year 1924-25. When we came to our decision in the summer to do without a cash loan we found that our resources were larger by very much more than that amount. That 168 lakhs includes 114 lakhs extra contribution from Railways, but that is by no means the whole of the extra amount which the Railways contributed to our balance because we have to take into account their capital expenditure and also the amount which they set aside to reserve. The actual amount by which our balances were increased on the 31st March by the Railways was 346 lakhs. The second source from which our balances were increased was the Provincial Governments. The Provincial Governments, one and all, prepared their revised estimates with an embarrassing conservatism and the increase to our resources from the Provincial Governments was no less than 680 lakhs. I am not making any complaint but I think it is clear that the preparation of the ways and means Budget of the Central Government is in these circumstances rendered extraordinarily difficult. We had from these two sources alone 9½ crores addition to our balances and the decision which we took to do without a cash loan, as the House will realise, has been abundantly justified. In spite of the very large amounts which we have been remitting to England throughout the year in excess of the Secretary of State's requirements, we have been able to avoid entering the market for a loan and we have not borrowed either by means of Treasury Bills or by means of ways and means advances from the bank, and the result I think has been that our operations have contributed to the much greater ease which has been noticeable in the money market during the current year. I turn now to the conversion loan itself. That loan was issued at 5 per cent. income-tax free, which is roughly equivalent to 5½ per cent. subject to tax. The result of the loan was that besides redeeming a certain portion of the 1925 bonds last year, we have converted 29 crores of debt which will mature in the next three years, and most important of all we have converted 18 crores of the bonds which would have matured in 1926. We have reduced our liabilities for 1926 bonds from 38 crores to 20 crores, which is a much more manageable proposition. The effect of the conversion loan on our interest charges will be apparent when I say that we had to make cash payments of 64 lakhs but the recurrent saving by the conversion of the debt is 18½ lakhs a year, and in addition to that 4½ crores of our debt has been transferred from debt which was free of income-tax to debt which is subject to income-tax.

I turn now to the next year. We have as usual a very considerable programme before us. In the first place we have to meet 24 crores of maturing debt, including the 20 crores of 1926 bonds and certain railway debentures in England. We have also a new capital programme of 28½ crores, which includes 26 crores for the Railways, and a further 7 crores for Provincial Governments. The total of these items is approximately 59 crores. We expect to meet these liabilities first of all by reducing our balances by 15 crores; secondly, from miscellaneous sources, such as unfunded debt, post office cash certificates, savings banks and so on, we expect 11½ crores. Thirdly, the provision for reduction of debt which is included in the Budget gives us 5 crores, and finally, from the railway reserves and the railway and other depreciation funds we shall get 5½ crores. The net result is that we shall have to find by borrowing a sum

not greater than 22 crores, which I would point out to the House is scarcely larger than the amount of the Bonds which are actually maturing in India this year. I think the position is one which we can regard with considerable satisfaction and I hope that it will be reflected in our borrowing rates. At this point I should like to refer to post office cash certificates. In view of the reduction in our borrowing rates and the further reduction which we expect in the future, we consider that the rates which we are now offering are too high, and an announcement will shortly be made reducing those rates. But at the same time we are adding some new features which we hope will preserve and add to the popularity of these certificates.

I now come back to the surplus of 305 lakhs. The problem that always confronts us with regard to a surplus, when we have a surplus, is whether it is a real surplus and what we are to do with it? Now in considering whether this surplus is a real surplus we have to remember first of all that we have taken in the Budget a rate of exchange of 1s. 6d. and that we shall have in our hands very soon the Report of the Royal Commission on currency, and what that report may be is on the knees of the gods. In the second place, we have to consider the question of the contribution from Railways. It was stated in the House the other day that the contribution from Railways is a constantly increasing figure. Now it is perfectly true that the one per cent. on the capital at charge of the commercial lines is an increasing figure, but that does not necessarily mean that the contribution from Railways will increase from year to year because the total amount of the contribution also depends upon the earnings of the Railways in the penultimate year. Now our budget figures are based upon a very favourable year for Railways, and the actual fact is that the railway contribution in the year 1927-28 is expected to be less than in the budget year by about 79 lakhs. Thirdly, we have to consider our opium revenue. The House is aware that I have given notice of a Resolution with regard to opium policy which contemplates the progressive reduction and eventual extinction of our exports of opium. I shall not say anything more about that policy at the moment, but if it is given effect to we have to regard our 2 crores or so of opium revenue as a disappearing figure. The Government of India have considered all these points very carefully. They do not think that it would be proper to set aside any of our surplus as an insurance against what the Royal Commission on Currency may or may not recommend. With regard to the loss of revenue from opium, this cannot take effect in one year or two, and we should be able before that revenue is entirely extinguished to make it up from other sources of revenue or by reductions of expenditure. I have in mind particularly the income-tax. We have spent large sums on improving our income-tax staff and arrangements but we have never yet tested them in a year of good trade, and secondly, I have in mind military expenditure. The Military Budget, as I have explained to the House, still contains some items of a non-recurring character, and also there are other items, such as the reduction of pay of the British soldier, which took effect this last year but will not show its full effect for several years to come. Considering all these factors the Government of India have decided not to hold up as an insurance any appreciable part of this surplus but to make available 3 crores of it for distribution. 175 lakhs of the surplus will, as I have already told the House, be devoted to the abolition of the cotton excise duty, and 125 lakhs will be devoted to the



[Mr. A. C. McWatters.]

reduction of provincial contributions in accordance with the Devolution Rules. This means that Madras will get 57 lakhs, the United Provinces 33 lakhs, the Punjab 28 lakhs and Burma 7 lakhs.

As regards the Finance Bill, apart from the clause repealing the cotton excise duty, it contains no proposals for alteration in taxation. It does however contain one clause of a novel character which contemplates the allocation to redemption of debt of the reparation receipts from Germany after deducting such compensation claims as have to be paid to private individuals or public bodies who have suffered from enemy action. I will not trouble the House with a long explanation of that at the present time, but will explain it fully when the Bill comes before the House. I will merely mention that as a set off to that proposal we are discontinuing in the next year the allocation to debt redemption of an amount equivalent to the customs duty on imported capital stores. These two items practically balance each other; in fact the second item is slightly larger, so that the net amount which goes to debt redemption is slightly smaller than it would otherwise be.

I think the House will agree that in the course of these last three Budgets we have effected something substantial. We shall have got rid of 4½ crores of provincial contributions, including the 63 lakhs to Bengal. This it is true is not quite half of the total contributions, but it is a sufficiently substantial achievement to lead us to hope that within a measureable period we shall be able to get rid of the remainder; secondly, we shall have got rid of the cotton excise duty; and, thirdly, we shall have made a beginning in the reduction of fares and freights on Railways. And in the meantime the Railways, as the House has heard, have built up a very strong position and have accumulated considerable reserves; while the credit of the Government of India if it is measured by their borrowing rates and by the price at which our securities now stand has certainly improved materially in the course of these three years. There is one problem however which we have not touched, I mean the relation of central and provincial finance. Only the other day Honourable Members received copies of the Taxation Inquiry Committee's Report. It is a report in which this House ought to take a special interest as we number among us not merely the distinguished Chairman, the Honourable Sir Charles Todhunter, but another eminent member of the Committee the Honourable Maharajadhiraja Bahadur of Burdwan, and until a few days ago we had a third representative in the Honourable Sardar Jogendra Singh who has now been translated to other important activities elsewhere. The House has probably not had time to study that Report fully, but I think even after a cursory glance they will agree that the Chairman and members of that Committee are to be most heartily congratulated on the speed and the thoroughness with which they have covered such a vast field of inquiry. The Report is full of information of the most valuable kind, and I specially mentioned it in connection with this problem of central and provincial finance because I believe that the Report will enable us to look at that problem from a wider outlook than has been possible hitherto. It is a problem which I am convinced is not insoluble, but it certainly does demand a great deal of sympathetic consideration by all parties concerned of the special difficulties of the others. After all, our interests are in the long run the same and I think our motto should be that of Dumas's heroes, "One for all and all for one". I should like to emphasise also that the

most necessary and essential preliminary for the improvement of relations between the Central and Provincial Governments in matters of finance is the continued strengthening of the finances of the Central Government itself.

That is all, Sir, that I have to say this morning. This is the third Budget which I have had the honour of presenting to this House, and I regret to say that it will also be the last. I beg to thank the House very cordially for the attention with which they have listened to what I have had to say. (Applause.)

The Council then adjourned till Eleven of the Clock on Tuesday, the 2nd March, 1926.

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