

Saturday, 21st March, 1931

THE  
LEGISLATIVE ASSEMBLY DEBATES  
(Official Report)

Volume III, 1931

*(12th March to 25th March, 1931)*

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FIRST SESSION  
OF THE  
FOURTH LEGISLATIVE ASSEMBLY,  
1931



SIMLA  
GOVERNMENT OF INDIA PRESS  
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# Legislative Assembly.

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# LEGISLATIVE ASSEMBLY.

Saturday, 21st March, 1931.

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

## QUESTIONS AND ANSWERS.

### SCALES OF PAY IN THE POSTAL DEPARTMENT.

1057. \*Mr. T. N. Ramakrishna Reddi (on behalf of Mr. S. G. Jog): Will Government be pleased to state:

- (a) whether it is a fact that graduates and under-graduates were and are recruited in the Postal Department on the 5th and 8rd stages respectively of the time-scale of pay, old and new;
- (b) whether revised time-scales were sanctioned by the Government of India in their letter No. 11-P. T. E. to have effect from the 1st March, 1926, and 1st March, 1927;
- (c) whether as a result of fixation of pay in the revised scales, certain graduates and under-graduates recruited prior to revision got less pay than the pay admissible to new entrants having the same qualifications;
- (d) what is the number of such cases in the Bombay Circle;
- (e) whether Government have since received any representations in the matter and, if so, how they have been disposed of;
- (f) whether Government had received representations from the graduates and ministerial servants of the Central Board of Revenue; and all these officials have been given one premature increment to compensate them for their loss; and
- (g) whether Government propose to compensate similarly such officials who are put to loss by granting them premature increments? If not, why not?

Mr. Tin Tut: (a), (b) and (c). Yes.

(d) The information is not readily available and Government do not consider that the expenditure of time and labour involved in obtaining it from the local officers would be justified by the public interests to be served.

(e) Yes. Government after a careful review of the question decided that no relief could be afforded to the individuals affected, their pay in the revised scales having been determined in accordance with the rules in force from time to time.

(f) The facts are not altogether as stated by the Honourable Member. On a representation from the Central Board of Revenue Ministerial Officers' Union of Bombay, the starting pay of graduate clerks in the Income-tax Department, Bombay City, was raised with effect from the 9th October, 1930, from Rs. 90 to Rs. 92 so as to correspond with a stage in the sanctioned scale of pay of Rs. 60—60—4—100—3—160, which was not itself altered, and the pay of graduate clerks in the Income-tax Department, Bombay City, was regulated accordingly by the grant of an advance increment under Fundamental Rule 27.

(g) The Honourable Member's attention is invited to the reply to (e) above. Government are not prepared to reopen the question. In the Posts and Telegraphs Department the scales of pay as a whole were altered in 1926 and again in 1927 throughout India and Burma and the pay of graduate and under-graduate clerks in the Department had to be fixed in the new scales in each case in accordance with the rules in force at the time. Government do not admit that the officials concerned were put to any loss.

#### CARD AND METAL PASSES ON RAILWAYS.

1058. \*Mr. Jagan Nath Aggarwal: (a) With reference to the answer to question No. 708 (2) given on the 25th February, 1961, will Government be pleased to lay on the table a statement showing the number of metal passes lost and misused by (i) Assistant Personnel Officers, (ii) District or Divisional Officers, (iii) officers of the rank of Deputies and above, year by year, for the last five years and state if the number of metal passes lost and misused is large and has been recently on the increase?

(b) Will Government be pleased to state if a card pass is immune from loss and misuse and the reasons why they consider it a useful substitute for a metal pass?

(c) Will Government be pleased to state whether Agents of the State-managed Railways felt the necessity of the contemplated change and moved the Railway Board or did the Railway Board take the initiative by sending a circular letter to Agents calling for their opinion on the subject?

(d) Will Government be pleased to state whether the card passes proposed to be issued in the future will entitle the holders thereof to the same privileges as the holders of metal passes possessed? If not, why not?

Mr. A. A. L. Parsons: (a) Figures are not readily available as to the number of passes lost or misused during the last five years by the officers referred to in this part of the Honourable Member's question, but in 1929, when a census was taken of metal passes which had been issued on State managed railways, it was found that 858 could not be accounted for.

(b) The danger from loss or misuse of a card pass is not so serious as in the case of a metal pass, the former being endorsed as available for use for one year only while there is no such limitation in the case of a metal pass.

(c) The Railway Board took the initiative in this matter.

(d) A metal pass allows the holder to travel over the whole railway system for which it is issued while in certain cases a card pass applies only for journeys over particular sections of a system. A metal pass has hitherto covered a holder's family when accompanying him. Under the rules now proposed to be issued a separate pass will have to be obtained for the holder's family. The rules now proposed provide more safeguards against the indiscriminate use of passes.

**RENTS OF BUNGALOWS FOR OFFICERS AT DIVISIONAL HEADQUARTERS OF THE NORTH WESTERN RAILWAY.**

1059. \***Mr. Jagan Nath Aggarwal:** (a) Will Government be pleased to state if it is a fact that at certain Divisional Headquarters of the North Western Railway, the Railway rents private bungalows for officers, when railway bungalows are not available, paying portion of the rent in excess of the 10 per cent. of the salaries of officers occupying them, while at other headquarters where there is also dearth of railway bungalows officers in private bungalows have to pay the entire rent?

(b) If the answer to part (a) is in the affirmative, will Government be pleased to explain the reasons for this differentiation?

**Mr. A. A. L. Parsons:** (a) Delhi is the only Divisional Headquarters at which, as a special case, private bungalows have been rented by the North Western Railway for their officers. At Karachi also the North Western Railway allow a concession to officers in regard to house rent; there officers not provided with railway quarters make their own arrangements for renting private houses, the Railway paying the amount in excess of 10 per cent. of the officer's salary upto a limit of 10 per cent. Each case is, however, carefully scrutinised before sanction is accorded to ensure that the accommodation and rent are the minimum required for the necessities of the individual officer concerned.

(b) The reason for the special treatment accorded at these two places is that exceptional conditions prevail there.

**BUNGALOWS FOR JUNIOR OFFICERS AT DIVISIONAL HEADQUARTERS OF THE NORTH WESTERN RAILWAY.**

1060. \***Mr. Jagan Nath Aggarwal:** (a) Will Government be pleased to state if it is a fact that at the headquarters of certain Divisions of the North Western Railway preference has been given to building bungalows for senior officers; who can easily afford to rent private bungalows, over bungalows for junior low-paid officers?

(b) Is it also a fact that sometimes senior officers have been given railway bungalows built for junior officers and that the latter have had to make their own arrangements for housing?

(c) If the answer to both or any one of the above parts is in the affirmative, will Government be pleased to state what steps they propose to take to redress the hardships to the junior officers drawing less than Rs. 1,000 per mensem?

**Mr. A. A. L. Parsons:** (a) The answer is in the negative.

(b) No, but in order to protect Government interests, the policy adopted in recent years on the North Western Railway has been to build the smaller and cheaper types of bungalows in preference to the larger types even when they are to be allotted to the more senior grades of officers.

(c) Does not arise.

**ALLOTMENT OF BUNGALOWS IN THE MAYO GARDENS, LAHORE, TO JUNIOR OFFICERS.**

1061. \*Mr. Jagan Nath Aggarwal: (a) Will Government be pleased to state what is the total number of bungalows in the Mayo Gardens, Lahore, and how many of them are allotted to junior officers as against their total number at Lahore?

(b) Is it a fact that justification of building this colony was the provision of housing accommodation for junior low-paid officers in an expensive place like Lahore, while in practice the benefit of it is being enjoyed chiefly by the senior-scale higher paid officers? If so, will Government be pleased to state what steps they propose to take to redress this injustice and hardship to the low-paid officers?

(c) Is it a fact that the waiting list for allotment of bungalows in the Mayo Gardens is kept confidential and is not open to inspection by applicants? If so, will Government be pleased to state why this list is kept confidential?

**Mr. A. A. L. Parsons:** I am informed by the Agent of the Railway that there are 31 bungalows in Mayo Gardens, of which 9 are allotted to junior scale officers in junior appointments, 5 to junior scale officers officiating at present in senior scale appointments, 8 to senior scale officers and 9 to administrative officers. 22 junior scale officers, 4 senior scale officers and 1 administrative officer are accommodated in houses outside Mayo Gardens. There are altogether 61 junior scale officers in Lahore, but there are only 5 junior scale officers on the waiting list who have not yet been accommodated. The main justification for building officers quarters was the difficulty which married officers had in finding accommodation in Lahore due to the shortage of private houses available. The administration contemplate the provision of additional junior scale houses as funds permit. Six have been built in Mayo Gardens and three outside Mayo Gardens during the last three years. The correspondence in connection with applications for accommodation is dealt with in the confidential section of the Agent's office as a matter of convenience as the subject is one dealt with personally by the Agent.

**INTERCEPTION OF A TELEGRAM SENT BY MR. MAKHHAN LAL, WHEN EXPELLED FROM JUBBULPORE CANTONMENT.**

1062. \*Mr. Jagan Nath Aggarwal: (a) Is it a fact that out of the six men expelled from Jubbulpore Cantonment, one of them Mr. Makhhan Lal sent a telegram to the All-India Cantonments Association, Ambala, and another to Mahatma Gandhi at Delhi informing them of the illegal and unjustifiable character of the expulsion orders?

(b) Is it a fact that the telegram in question was intercepted and never allowed to reach the destination?

(c) If so, what were the grounds for intercepting the telegram, who intercepted the same and under what law?

**Mr. Tin Tut:** (a) In order to trace the telegrams referred to by the Honourable Member, it is necessary that the Director-General should know the date on which they were tendered for despatch. In the absence of this information, it has not been possible to trace them.

(b) and (c). Do not arise.

**INTRODUCTION OF AN ELECTED BOARD FOR SHAHJAHANPUR CANTONMENT.**

**1063. \*Mr. Jagan Nath Aggarwal:** (a) Has the All-India Cantonments' Association represented to Government the right of Shahjahanpore Cantonment to an elected Board?

(b) Is it a fact that in November, 1930, Government informed the Association that it was inviting the views of the Headquarters Eastern Command about the proposal and would shortly communicate a decision?

(c) Is it a fact that nothing further has been done so far in the matter and meanwhile the people of Shahjahanpore are being subjected to new taxes without the provision of any compensatory civic amenities?

(d) Will Government be pleased to state what arrangements are made for providing primary education and medical relief to the people of Shahjahanpore Cantonment?

(e) Has the All-India Cantonments' Association informed Government that the only way to meet the growing complaints of the people of Shahjahanpore and similar other Cantonments is to create elected Boards there with a view to associate the people with the local administration?

(f) Do Government propose to adopt this suggestion in case of Shahjahanpore; if so, when, and if not, why not?

**Mr. G. M. Young:** (a) The Association has addressed the Government of India several times on the question of excluding a certain mohalla from the cantonment area of Shahjahanpur. Government, after careful inquiry, found themselves unable to accede to this request, but as the result of representations since received, they are reopening the question. The Association subsequently made the proposal that if this area could not be excluded, an elected board should be established in the Cantonment.

(b) The answer to the first portion is in the affirmative, and to the second in the negative.

(c) A decision has not yet been reached on the question of an elected board. I am informed that the house and scavenging taxes have recently been increased. Cantonment taxes are imposed by Local Governments.

(d) The information has been called for, and will be supplied to the Honourable Member on its receipt.

(e) The Association has expressed this view.

(f) Government will consider the question when they have received the report of the local military authorities.

APPLICATION FOR TRAINING AT A JAMALPUR WORKSHOP BY A STUDENT OF  
THE BENARES ENGINEERING COLLEGE.

1064. \***Mr. Bhuput Sing:** Will Government be pleased to state:

- (a) whether one Mr. Kailash Chandra Mathur, an I.Sc. of Delhi University and a third year Diploma student of the Benares Engineering College, applied for practical training in a Railway Workshop without allowances to the Chief Electrical Engineer, Jamalpur, East Indian Railway, in August 1930;
- (b) whether his application was granted;
- (c) if the answer to part (b) is in the negative, the reason for the refusal; and
- (d) if Jamalpur was not open to him, whether the applicant was given a chance of getting into any other workshop on the system?

**Mr. A. A. L. Parsons:** I have called for information from the Agent, East Indian Railway, and will communicate with the Honourable Member on its receipt.

RAISING OF THE RAILWAY PLATFORMS AT KIUL JUNCTION RAILWAY STATION.

1065. \***Mr. Bhuput Sing:** Will Government be pleased to state:

- (a) whether Kiul is a very important junction on the East Indian Railway for the main, loop and South Bihar lines;
- (b) whether there still exist low platforms at this junction like those at small wayside stations;
- (c) the reasons for not raising the platforms to the footboard level of trains; and
- (d) whether it is contemplated to raise the platforms to the footboard level in near future?

**Mr. A. A. L. Parsons:** (a) Kiul is a junction of moderate importance on the East Indian Railway.

(b) The Up and Down platforms at Kiul are raised while the island platform is low level.

(c) and (d). The question of raising the island platform will be considered along with the question of raising the platforms at other stations when funds permit.

PROVISION OF BERTHS FOR RAILWAY PASSENGERS AT INTERMEDIATE  
STATIONS.

1066. \***Mr. Bhuput Sing:** Will Government be pleased to state:

- (a) whether they are aware that often overcrowding takes place in second class compartments in which berths have already been reserved from the starting station for the night journey by passengers from intermediate stations; and

- (b) whether they propose to issue instructions to guards in charge of night trains to provide accommodation to such second class passengers as get in from wayside stations and do not find accommodation in second class in first class compartments which may be empty for the night journey only without charge of any excess fare as exceptional cases?

**Mr. A. A. L. Parsons:** (a) It is understood that, in order to ensure reservation from the starting station of a berth in a second class compartment, 48 hours previous notice should be given, and that, in such cases, there is no question of a passenger having to make room for a passenger from an intermediate station.

(b) This is a matter which lies within the competence of the Agent of a Railway and Government do not propose to take any action.

**DAILY ALLOWANCES OF TRAFFIC INSPECTORS ON THE EAST INDIAN RAILWAY.**

1067. **\*Mr. Bhuput Sing:** Will Government be pleased to state:

- (a) whether the same rate of daily allowances is allowed to European, Anglo-Indian and Indian Traffic Inspectors of the same grade and scale of pay on the East Indian Railway;
- (b) if the answer to part (a) is in negative, the reasons for the discrimination and whether they propose to abolish it forthwith?

**Mr. A. A. L. Parsons:** Under the old East Indian Railway rules there was such a discrimination. In 1929, orders were issued removing this discrimination and basing daily allowances on the rates of pay of the employees, but the existing staff were of course given the option of remaining under the old rules.

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**UNSTARRED QUESTIONS AND ANSWERS.**

**NON-GRANT OF BONUS OR PENSION TO AN INVALIDED COMPOSITOR OF THE GOVERNMENT OF INDIA PRESS, CALCUTTA.**

356. **Mr. S. C. Mitra:** (a) Is it not a fact that by letter No. 220, dated the 31st October, 1928, from the Department of Industries and Labour, Government of India, to the Controller of Printing and Stationery, Government of India, the Government announced that the employees of the Government of India Press, who were appointed before 15th July, 1920, and were not made permanent, would be entitled to a bonus in case of their being obliged to retire before their completion of 25 years' service?

(b) Is it not a fact that Babu Abinash Chandra Bhattacharji, Compositor, Section 4, Government of India Press, Calcutta, being an invalid, was obliged to retire in 1929?

(c) Is it not a fact that the said Abinash Chandra Bhattacharji did neither get any bonus nor pension nor anything from Government on his retirement?

(d) If the replies to parts (a), (b) and (c) are in the affirmative, will Government be pleased to state the reasons therefor?

**Mr. J. A. Shillidy:** (a) The answer is in the affirmative.

(b) Presumably Babu Abinash Chandra Chakraverty is referred to. If so, the reply is in the affirmative.

(c) and (d). The case of Mr. Chakraverty is at present being examined by the Controller of Printing and Stationery.

**PAY OF MONO-CASTERS IN THE GOVERNMENT OF INDIA PRESSES AT CALCUTTA.**

357. **Mr. S. C. Mitra:** (a) Is it not a fact that the comparative statement regarding the rates of pay of the Mono-casters of the two Calcutta presses under the control of the Government of India, supplied by D. O. A.-332, dated 4th October, 1930, of the Department of Industries and Labour, to Mr. S. C. Mitra, M.L.A., goes to show that the Mono-casters of the Government of India Press, Calcutta, who have to work for 200 hours per month get a lower rate of pay than those of the East Indian Railway Press who work for 166 hours per month?

(b) If the reply to part (a) is in the affirmative, will Government be pleased to give reasons therefor?

(c) Are Government prepared to consider the case of the Mono-casters with regard to their rate of pay and bring it to the same level as that existing in the East Indian Railway Press?

**Mr. J. A. Shillidy:** (a) and (b). The rates of pay of Mono-casters in the Government of India Press, Calcutta, were on a somewhat lower level than those in the East Indian Railway Press, but the scales in the latter Press have with effect from the 1st November 1930 been changed to Rs. 30—1—35 on the basis of 200 hours per month as in the case of the Government of India Press, Calcutta.

(c) Does not arise.

**PROPORTION OF SUPERVISING STAFF TO WORKERS IN THE EAST INDIAN RAILWAY PRESS.**

358. **Mr. S. C. Mitra:** (a) Is it not a fact that the proportion of clerks and supervising staffs, *viz.*, Overseers, Office Superintendent, Foreman, Section-holder, Jemadar, Assistant Foremen, Computors, Checkers, Time-keepers, etc., to the actual workers, *viz.*, Compositors, Readers, Copy-holders, Mono-casters, Lino-Mono-Operators, Distributors, Binders, Pressmen, Machinemen, Inkmen, etc., in the East Indian Railway Press is greater than those in the Government of India Press, Calcutta?

(b) If the reply to part (a) is in the affirmative, will Government be pleased to give the reasons therefor?

(c) Will Government be pleased to lay on the table a comparative statement of the number of men now holding the following appointments in the Government of India Press, Calcutta and East Indian Railway Press, Calcutta and Howrah:

Assistant Superintendent, Office Superintendent, Overseer, Section-holder, Foremen, Assistant Foremen, Computor, Checker, Clerks, Workshop Accountant, Time-keeper, Jemadar, Store-keeper, Compositor, Reader, Copy-holder, Distributors, Binders, Pressmen, Machinemen, Inkmen, Lino-Mono-Operators and Mono-caster?

(d) Is it not a fact that the numbers of the supervising staffs and clerks as mentioned in part (a) in the East Indian Railway Press were greatly increased after 1920?

(e) Will Government be pleased to state the number of supervising staff and clerks and that of the actual workers as mentioned in part (a) in the East Indian Railway Press, in 1919 and 1930?

**Mr. A. A. L. Parsons:** I have called for certain information and will communicate with the Honourable Member on its receipt.

**APPOINTMENT OF MR. SLATER AS A SPECIAL OFFICER FOR RAILWAY PRESSES.**

359. **Mr. S. O. Mitra:** (a) Is it not a fact that Mr. Slater was appointed as a Special Officer for Railway Presses?

(b) Will Government be pleased to lay on the table a statement showing the following:

- (i) date of appointment of Mr. Slater, (ii) his monthly salary and (iii) total expenditure of the staff and his travelling, leave and other allowances up to date?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) A statement giving the information is placed below.

*Mr. Slater, Officer on Special Duty, Railway Board.*

Date of Appointment.	Mr. Slater's Monthly Salary.	Total expenditure of the staff including Mr. Slater's pay.	Compensatory allowances to Mr. Slater.	Traveling allowances.	Leave allowances.	Contingencies.
		Rs.	Rs.	Rs.	Rs.	Rs.
1st March, 1927 to	Rs. 1,500 from 1st March, 1927	1,12,448	6,147	3,079	8,196	345
31st July, 1930 and	Rs. 1,550 from 1st March, 1928					
15th February, 1930 to	Rs. 1,600 from 1st March, 1929					
28th February, 1931.	Rs. 1,650 from 1st March, 1930.					

**MEMORIALS FROM EMPLOYEES OF THE EAST INDIAN AND EASTERN BENGAL RAILWAY PRESSES, CALCUTTA.**

360. **Mr. S. C. Mitra:** (a) Is it a fact that the employees of the East Indian Railway and Eastern Bengal Railway Presses, Calcutta, submitted on the 12th January, 1931, and the 17th January, 1931, respectively, two memorials to the Honourable Sir George Rainy, Member in Charge, Railways and Commerce?

(b) If the reply to part (a) is in the affirmative, will Government be pleased to state what steps, if any, have been taken regarding these memorials?

(c) If nothing has been done as yet, will Government kindly state when they mean to take steps in the matter?

**Mr. A. A. L. Parsons:** A memorial from the employees of the East Indian Railway Press has been received through the Agent and is under consideration. An advance copy of a memorial from the employees of the Eastern Bengal Railway Press has also been received, but the original with the remarks of the Agent is awaited.

**RETRENCHMENT OF STAFF IN THE EAST INDIAN RAILWAY PRESS.**

361. **Mr. S. C. Mitra:** (a) Are Government aware that the Superintendent, East Indian Railway Press, has given notice of the termination of service to many employees of the binding and composing and distributing department of the said Press owing to general reduction of establishment?

(b) Is it not a fact that in all Government Departments a principle is observed to the effect that at the time of general reduction junior men are retrenched in preference to seniors?

(c) Are Government aware that at the time of reduction of establishment, the said Superintendent has served notice on some employees who are senior in service to many whose services have been retained?

(d) If replies to parts (b) and (c) are in the affirmative, will Government be pleased to give the reason therefor?

(e) Will Government lay on the table a list of names of all compositors, distributors and binders of the East Indian Railway Press, Calcutta, and Howrah, with the date of appointment of each and the names of persons who have been served with notice of termination of service?

**Mr. A. A. L. Parsons:** (a) The Railway Board have not precise information as to the extent of the reductions which are being made in the East Indian Railway Press, but I am obtaining information on this point for the Honourable Member.

(b) to (d). The method laid down by the Railway Board for selecting employees for discharge on reduction of establishment is described in the two letters, copies of which are appended to this reply. These orders are applicable to the East Indian Railway Press.

(e) Government regret that they are not prepared to call for this information.

No. 683-E. G.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(Railway Board.)

To

The Agent,  
 Burma Railways,  
 East Indian Railway,  
 Eastern Bengal Railway,  
 Great Indian Peninsula Railway,  
 North Western Railway.

New Delhi, dated the 3rd March, 1931.

*Reduction in staff.*

DEAR SIR,

I am directed to state that the Railway Board desire that the following general principles should be followed by State-managed Railways in carrying out reductions in staff as a result of the present economy campaign.

2. The main principle in selecting individuals for discharge should be to discharge men in the following order :

- (a) those who are inefficient ;
- (b) those who are the least efficient ;
- (c) those who have short service. Among them permanent men should ordinarily be retained in preference to temporary employees but men who hold temporary appointments but who have completed 12 months' continuous service, should be regarded as having equal rights with permanent employees.
- (d) those who are nearing the age of superannuation.

3. The Board also wish that all practical steps should be taken to see that the unfortunate necessity for reducing staff does not operate to the detriment of communities not at present adequately represented in railway services.

4. It may often happen in applying these principles that employees whose posts are abolished have a better claim to retention than others holding posts on a lower scale of pay. The latter would then make room for the former who should as an alternative to a discharge be offered employment in the lower posts.

5. With a view to eliminating all avoidable hardship, the Board desire :

- (1) that an employee who in the circumstances explained in paragraph 4 is retained in a lower post will rank in seniority above men holding similar posts drawing the same rate of substantive pay as that allowed to him on reversion and will subject to continued efficiency be considered, when a suitable opportunity offers, for promotion to the class or grade in which he was formerly employed or to a post of equivalent or lower rank.

- (2) that employees discharged from the services on reduction of establishment should be granted all leave on full or average pay at their credit subject to a maximum of 4 months, provided that if such leave at their credit is less than one month, they should in lieu of it be allowed one month's pay in lieu of notice. When, under these orders, leave of not less than one month is granted, it should be made clear to the employee that his service will not be required on the termination of his leave and that he will not be entitled to a further notice of discharge or pay in lieu of such notice.

As an exception to the above, temporary staff engaged for seasonal traffic should on discharge to the extent such staff would be discharged under normal conditions be treated in respect of leave or notice pay under the existing procedure in force on your railway. When, however, owing to the present serious fall in traffic and the uncertainty whether the traffic prospects of the next busy season will be normal further reductions in the working strength of Transportation and Commercial staff are required to be made as a temporary measure, employees who are not required for duty may be allowed leave or notice pay as prescribed above or, when it is considered probable that a particular employee's services will again be required after a short time or at short notice, leave on half pay for such period as the Agent may deem reasonable but not exceeding 6 months irrespective of whether such leave is due or not. Provided that leave not due should in no case be sanctioned unless the conditions governing the grant of such leave are complied with.

- (3) that employees discharged under clause (c) of paragraph 2 should be borne on a common waiting list for the whole railway and be appointed to any suitable vacancy occurring on the railway in the future in preference to others. No outsider should, therefore, be appointed in any department, division, district or office of the railway so long as a suitable man is available from this waiting list or next after that from among the Great Indian Peninsula Railway strikers who are still out of employment. If an employee who was discharged is re-employed in a lower post, he should, subject to good work, be considered for promotion when a suitable opportunity offers to the class or grade in which he was formerly employed or to a post of an equivalent or lower rank. If, however, he refuses an offer of employment in a somewhat lower post with the prospect of recovering his former position after a time, he will be liable, at the discretion of the authority which offered him such post, to have his name removed from the waiting list.
- (4) when an employee who is retained in a lower post is subsequently promoted to his former grade under the provisions of clause (1) or when an employee who is discharged is subsequently employed in his former grade under the provisions of clause (3) due consideration should be paid to the length and character of his previous service in determining his pay on such promotion or employment.
6. The foregoing instructions are not intended to apply to :
- (a) employees whose substantive pay at the time of discharge does not exceed Rs. 30 per mensem. In respect of such employees the Agent of the Railway will determine the procedure to be followed, and
- (b) Workshop employees, including press employees, in respect of whom the Railway Board will issue separate instructions, as the conditions of their retention in the service are special.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,

*Secretary, Railway Board.*

No. 683-E. G.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(Railway Board.)

To

The Agent,  
 Assam Bengal Railway,  
 Bombay, Baroda and Central India Railway,  
 Madras and Southern Mahratta Railway,  
 South Indian Railway,  
 Bengal Nagpur Railway,  
 Bengal and North Western Railway,  
 Rohilkund and Kumaon Railway.

*New Delhi, dated the 3rd March, 1931.*

DEAR SIR,

I am directed to forward, herewith, a copy of the Railway Board's letter No. 683-E. G., dated 3rd March, 1931, which states the principles which the Railway Board have laid down for State-managed Railways in carrying out reductions in staff as a result of the present economy campaign.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,  
 Secretary, Railway Board.

D. A. :—Copy of letter referred to.

No. 683-E. G.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(Railway Board.)

To

The Agent,  
 Burma Railways,  
 East Indian Railway,  
 Eastern Bengal Railway,  
 Great Indian Peninsula Railway,  
 North Western Railway.

*New Delhi, dated the 6th March, 1931.**Reduction in workshop staff.*

DEAR SIR,

I am directed to state that the Railway Board desire that the following principles should be followed by State-managed Railways in carrying out reductions in Workshop staff as a result of the present economy campaign.

2. Individuals should be selected for discharge in the following order :

- (a) those who are inefficient;
- (b) those who are the least efficient;
- (c) those who have short service. Among them permanent men should ordinarily be retained in preference to temporary employees;
- (d) those who are nearing the age of superannuation.

These principles should be applied separately for each distinct category in order that the strength of each category shall not be in excess of actual requirements.

3. The Board also wish that all practical steps should be taken to see that the unfortunate necessity for reducing staff does not operate to the detriment of communities not at present adequately represented in railway services.

4. It may often happen in applying these principles that employees whose posts are abolished have a better claim to retention than others holding posts on a lower scale of pay. The latter would then make room for the former who should as an alternative to a discharge be offered employment in the lower posts.

5. The Board desire that Workshop employees discharged from the service in consequence of retrenchment should be granted one month's pay in lieu of notice. Those who have completed 3 years' service should be allowed in addition a bonus equal to the leave-salary which they would draw if they were given leave on full pay due to them, subject to a minimum of half a month's pay and a maximum of 20 days' pay. I am directed to convey the sanction of the Governor General in Council to the payments involved. Leave should not be granted to Workshop employees discharged from the service.

6. As an exception to the above, temporary staff engaged for special jobs or otherwise should on discharge to the extent such staff would be discharged under normal conditions be treated in respect of leave or notice pay under the existing procedure in force on your railway, provided that such treatment does not in any case result in a temporary employee being given privileges exceeding in monetary value those that would accrue to him under the provisions of paragraph 5.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,  
*Secretary, Railway Board.*

D. A.—Nil.

No. 683-E. G., dated the 6th March, 1931.

Copy forwarded for information to the Chief Accounts Officers, Burma, East Indian, Eastern Bengal, Great Indian Peninsula and North Western Railways, and Director of Railway Audit (with 5 spare copies).

(Sd.) T. K. NANA RAO,  
*for Financial Commissioner of Railways.*

D. A.—Nil.

No. 683-E. G.-Pt.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(Railway Board.)

To

The Agent,

Assam Bengal Railway,  
Bengal Nagpur Railway,  
Bengal and North Western Railway,  
Bombay, Baroda and Central India Railway,  
Madras and Southern Mahratta Railway,  
Rohilkund and Kumaon Railway,  
South Indian Railway.

*New Delhi, dated the 6th March, 1931.*

DEAR SIR,

I am directed to forward, herewith, a copy of the Railway Board's letter No. 683-E. G., dated the 6th March, 1931, which states the principles which the Railway Board have laid down for State-managed Railways in carrying out reductions in workshop staff as a result of the present economy campaign.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,  
*Secretary, Railway Board.*

D. A.—Copy of letter referred to.

## TRAINING OF INDIAN STUDENTS ON BRITISH RAILWAYS.

362. **Mr. S. C. Mitra:** (a) With reference to starred question, No. 534, asked by Kumar Ganganand Sinha on the 16th September, 1929, will Government please state whether the information regarding items (1), (2) and (7) as promised has since been collected?

(b) If so, will Government please place the same on the table?

(c) Regarding item (3), of question quoted above, are Government aware that the information supplied by them is not correct as there is an arrangement between the 4 Group British Railways and the High Commissioner for India that no Indian student would be taken in by the British Railways unless he is sent by the High Commissioner for India?

(d) Are Government prepared to verify the statement by communicating with the 4 Group British Railways, *vis.*, (1) Great Western, (2) London Midland and Scottish, (3) London and North Eastern, and (4) Southern Railways on this subject in order to have first hand information?

(e) Regarding items (4) and (6) of question quoted above, will Government please obtain the information required for the period from 1923 to 1926 and place the same before the House, as what is actually wanted is not available from the Reports referred to?

(f) Regarding item (6), will Government please state whether (i) the qualifications required by Government now are quite different from what they used to be previously and (ii) these changes were brought in suddenly?

(g) Is it not a fact that, in case of European British subjects, the qualifications required by the Secretary of State for India in making appointments to the Superior Revenue Establishment of State Railways in the Transportation (Traffic) and Commercial Departments are as follows:

"(1) not less than two years' practical experience of work in the Traffic Department of British or Colonial Railways together with evidence of sound general education"; or

"(2) a degree or diploma of any teaching University of the United Kingdom granted after not less than three years' study in that University or a technical diploma or certificate recognised by the Secretary of State"?

(h) In case of part (g) (1) above, when a degree, diploma or certificate is not required, will Government please state what general education is required in such a case?

(i) Is it not a fact that a number of European British subjects as well as Indians have been taken on the Indian State Railways with the qualifications as mentioned in part (g) (1) above?

(j) If so, will Government please state the number of such recruits who were (i) European British subjects, (ii) Indians, since 1923 to 1931?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) The information has been communicated to Kumar Ganganand Sinha and a copy of the communication placed in the Library.

(c) and (d). The High Commissioner has informed the Government of India that the period of training is determined by the British Railway authorities themselves who refer applications to the High Commissioner of their own accord and are at liberty to take whom they like.

(e) No information is available with the High Commissioner for India.

(f) (i) The qualifications now required for appointment to the Transportation (Traffic) and Commercial Department in India are different from what they used to be previously.

(ii) No. Provision was made in the revised regulations issued in 1926 to enable candidates who had 2 years' training on British Railways to compete for the examination held in 1926 and 1927.

(g) The qualifications required of candidates recruited in the United Kingdom are either :

(a) an Engineering or Science degree of any teaching University in the United Kingdom granted after not less than 3 years' study in that University or a technical diploma or certificate recognised by the Secretary of State. The diploma or certificate held should include among the subjects taken one or more of the following :

1. Applied Mathematics,
2. Physics with Statics and Dynamics.
3. Mechanics (including strength of materials and theory of structure).
4. Prime Movers, or

(b) Not less than 2 years' practical training as pupil or apprentice in the Traffic Department of a British or Colonial Railway following a sound general education which must have included an element of scientific or Engineering study.

(h) Candidates recruited in the United Kingdom are required to satisfy the Election Board that they possess a sound general education which must have included an element of scientific or Engineering study.

(i) and (j). The number of candidates possessing the qualifications referred to at (b) of item (g) of the reply, recruited for State Railways from 1928 to date is :

Europeans	.	.	.	.	.	.	.	5
Indians	.	.	.	.	.	.	.	N/A.

#### TRAINING OF INDIAN STUDENTS ON BRITISH RAILWAYS.

363. **Mr. S. C. Mitra:** (a) With reference to starred question No. 585, asked by Kumar Ganganand Sinha, on the 16th September, 1929, will Government please state, regarding item (1), when they were aware that a number of Indian students were undergoing practical training on railways in the United Kingdom, why did they introduce such drastic changes in 1926, regarding future policy towards recruitment without consulting the High Commissioner for India, who is responsible for the training of Indian students in the United Kingdom?

(b) Are Government aware that such sudden action on the part of Government amounted to a ban on such Indian students and are Government aware as to what an amount of hardship these students have been put to?

(c) Is it not a fact that the High Commissioner for India as well as the Government of India were aware that candidates with full two years' training were not forthcoming as no one was allowed to complete such training by the High Commissioner when his suggestion was obtained as stated?

(d) Will Government please state what was the effect of bringing in the new rules and regulations in 1926, without consulting the High Commissioner for India upon the question of Indianisation? Is it not a fact that these trained Indians could have been posted straight away to take up regular duties, whereas, according to the present system, each probationer after appointment is required to undergo practical training for three years?

**Mr. A. A. L. Parsons:** (a) and (b). The revised rules were issued in 1926 as a result of careful and prolonged consideration and a copy had been forwarded to the High Commissioner for India before they were issued. At the suggestion of the High Commissioner to meet the case of students who were then undergoing traffic training in England, candidates who had obtained such training for not less than 2 years were as a special case permitted in 1926 and 1927 to appear for the competitive examinations held under the revised rules although they did not possess the qualifications normally required under those rules.

(c) A limited number of such candidates were available. Also as it was represented to the Government of India in 1926 that the proposed relaxation of the new rules would not meet the cases of most of the young men then under training, the exemption which was first granted for the examination of 1926 was subsequently extended, with the Secretary of State's sanction, to the examination of 1927.

(d) The answer to the first part of the question is that the change made had no adverse effect on the progress of Indianisation. The answer to the second part of the question is in the negative.

#### TRAINING OF INDIAN STUDENTS ON BRITISH RAILWAYS.

**364. Mr. S. C. Mitra:** (a) With reference to reply to part (4) of starred question No. 535 of the 16th September 1929, will Government please make it clear what is meant by the wording "that the candidates did not possess ordinary qualifications"?

(b) What are the "ordinary qualifications"?

(c) Is it not a fact that nothing was stated regarding the ordinary qualifications of such candidates in Note 1 under para. 7 of the Rules and Regulations, published in 1927 which runs thus:

"For the examination to be held in 1927 candidates, who have obtained Railway Traffic training in the United Kingdom for not less than two years will be eligible for admission to the competitive examination although they may not possess any of the qualifications required under this regulation"?

(d) Is it not a fact that two years' training is out of question as already stated?

**Mr. A. A. L. Parsons:** (a) and (b). These words were not used in the reply to part (4). The words "ordinary qualifications" were used in the reply to part (2) of starred question No. 535 and read with the following words "required under rule" they meant qualifications ordinarily required under the revised regulations of 1926.

(c) Candidates who had not less than 2 years' training were exempted in 1926 and 1927 from the qualifications required under the revised regulations of 1926.

(d) I would refer the Honourable Member to my reply to part (c) of his previous question.

#### APPOINTMENTS TO THE SUPERIOR TRAFFIC SERVICE OF COMPANY-MANAGED RAILWAYS.

365. **Mr. S. C. Mitra:** (a) With reference to the reply to Part (5) of the starred question No. 535 of the 16th September 1929, will Government please state the results of their inquiries?

(b) Will Government please state whether when any appointment to the Superior Traffic Service of Company-managed Railways is made the formal approval of the Railway Board is necessary regarding such appointments?

(c) If so, will Government please state what are the special or ordinary qualifications of the following gentlemen:

(a) Mr. B. C. Mallik	}	Bengal Nagpur Railway.
(b) Mr. S. K. Sen		
(c) Mr. S. A. Yousoof		
(d) Mr. A. C. Chatterjee		
(e) Mr. N. A. Shad	}	Assam Bengal Railway.
(f) Mr. M. A. Saqui		
(g) Mr. A. N. Roy		
(h) Mr. B. C. Ghosh,		East Indian Railway.

**Mr. A. A. L. Parsons:** (a) On an enquiry from the State-managed railways it is understood that there are no officers appointed to the superior or local service in the Transportation (Traffic) and Commercial branch purely by reason of their having received training for a short period of a year or less and apart from other qualifications.

(b) No.

(c) Does not arise.

#### QUALIFICATIONS OF INDIAN STUDENTS FOR RAILWAY SERVICES.

366. **Mr. S. C. Mitra:** (a) With reference to reply to parts (7) and (10) of starred question No. 535 of the 16th September, 1929, are Government aware that there is a large number of European officers on State Railways as well as on Company-managed Railways, who have not had the qualifications that some of these Indian students have?

(b) Do Government recognise the courses at the Transport Department of the London School of Economics and Political Science, University of London, and Membership of the Institute of Transport?

(c) Is it not a fact that the Railway Staff College at Dehra Dun is following the footsteps of the London School of Economics and the Institute of Transport in many directions?

(d) Is it not a fact that some of these students not only had "some kind of training in England" as stated but they had regular courses in the Transport Department of the London School of Economics and Political Science, University of London, and attached to the Institute of Transport?

(e) Is it not a fact that some of these students had the same sort of practical training on the British Railways in the United Kingdom as given to the Probationers as well as to the officers at the Railway Staff College, Dehra Dun?

(f) Is it not a fact that the Government of India gave some hope to some of these gentlemen that their cases would be considered?

(g) Is it not a fact that the names of some of these candidates were brought to the notice of the Agents, Assam Bengal, Bombay Baroda and Central India, Bengal Nagpur, Bengal and North Western, Burma, Madras and Southern Mahratta, and South Indian Railways, as qualified candidates?

(h) Is it not a fact that at that time the Government of India considered their qualifications as adequate?

**Mr. A. A. L. Parsons:** (a) I would refer the Honourable Member to my reply to item (a) of the previous question stating that on State Railways there is no officer, whether European or Indian, who is recruited merely by reason of his having received training for a short period of a year or less and apart from other qualifications. Government have no detailed information regarding the qualifications of officers on Company-managed railways.

(b) These courses are not recognised as qualifying for admission to the competitive examination.

(c) and (e). The courses of instruction at the Railway Staff College, Dehra Dun, include courses in Economics, etc., but they are a part of subsequent training intended to supplement the initial qualifications required of candidates under the rules.

(d) Government have no information.

(f) I am unable to trace any such undertaking.

(g) and (h). The names of certain candidates who had received training on English railways were forwarded to the Agents of the Company-managed railways named in this part of the question in March, 1926, but it is not a fact that they were brought to their notice as qualified candidates.

#### ADMISSION OF INDIAN STUDENTS TO RAILWAY SERVICES.

367. **Mr. S. O. Mitra:** (a) Is it not a fact that when Memorandum No. 7 by the Financial Commissioner of Railways regarding the South Indian Railway scheme for recruitment and training of Superior Service was presented before the Standing Finance Committee in May 1928 (*vide* Proceedings of the Meeting, Vol. IV, No. 1), the Committee remarked: "The

possibility of utilising it to afford an opening for those Indian students trained in Europe, who have found themselves shut out from railway employment in the officer grades by the new rules for recruitment" and the Chairman promised to have this examined and brought it again before the Committee?

(b) Is it not a fact that the Memorandum at page 49 of Vol. V No. 2 of the Proceedings of the Committee, which is the result of the Memorandum as pointed out in part (a) above, does not contain any solution whatsoever?

(c) Will Government please place on the table a copy of the reply of the South Indian Railway as promised to the Standing Finance Committee?

(d) Is it not a fact that the Honourable the Railway Member during the last Budget speech admitted in connection with "Indianisation" that in certain cases (i) the qualifying standard was lowered, (ii) the age limit was relaxed to take Indians?

(e) Is it also not a fact that some concession was made in the Indian Forest Service for Indian students trained in the United Kingdom when the new rules and regulations were introduced?

(f) If so, why was not a similar concession given to these Indians who have been shut out from the officers' grade?

(g) Are Government prepared to do something for these Indians who underwent training during the transitory period of 1924 and 1925?

(h) With reference to the reply to part (9) of the question No. 535 of the 16th September 1929 is it not a fact that a reference to the History of Service makes it clear that most of the European and Anglo-Indian Officers in the Traffic and Commercial Departments have not any education whatsoever and no practical training even?

(i) Is it not a fact that according to the Rules and Regulations there is a provision regarding occasional admission of qualified persons to the Transportation and Commercial Departments of Superior Revenue Establishment of State Railways and will Government please state (i) what are these qualifications and (ii) how many from each community have been admitted since the promulgation of this?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) and (c). I am having the matter examined further and shall communicate with the Honourable Member in due course.

(d) Yes; in the case of the Transportation (Power) and Mechanical Engineering Department for which the requisite number of fully qualified Indian candidates is not at present available.

(e) The reply is in the affirmative.

(f) It was not considered necessary, because the supply of Indian candidates possessing the necessary qualifications for appointment to the Transportation (Traffic) and Commercial Department is adequate.

(g) So far as appointments to the superior service are concerned, due consideration has been extended to Indian students who were undergoing training in England during the transitional period by allowing such of them as had 2 years' training to compete for the examinations held in 1926 and 1927. Government are not prepared to make further relaxation of the rules.

(h) No.

(i) The reply to the first part of the question is in the affirmative. With regard to the second part, the rule contemplates appointments in exceptional cases of persons who possess qualifications other than those prescribed in the rules of recruitment. Under this provision only two appointments have so far been made, one of a Hindu with special establishment experience and the other of a Muslim with similar experience in labour question.

#### NON-INCLUSION OF CERTAIN MUSLIMS IN THE CENSUS RETURNS.

368. **Lieut. Nawab Muhammad Ibrahim Ali Khan:** (a) Is it a fact that many streets inhabited by Muslims have not been taken into account at Amritsar in the census and that the lists regarding the Muslims are incorrect?

(b) Is it a fact that many streets inhabited by Muslims have been left out of the census in Moga and Ferozepur Districts? Is it also a fact that Bhangis and Chamars have been enlisted as Hindus and Sikhs?

(c) Has the attention of Government been drawn to the columns of the *Inqilab*, Lahore, of the 8th March, 1931, regarding the census?

(d) If the reply to the above questions be in the affirmative, will Government be pleased to state, what steps they propose to take in order to avoid such like irregularities?

**The Honourable Sir James Orerar:** (a) and (b), first part. Government have no such information.

(b) (second part). The Honourable Member presumably suggests that Bhangis and Chamars may have been recorded as Hindu or Sikh. This is of course correct, if they returned themselves as such.

(c) Yes.

(d) In view of the preceding replies this does not arise.

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#### MOTION FOR ADJOURNMENT.

##### MURDER OF MUSLIMS AT MOCHI IN THE MIRZAPUR DISTRICT.

**Mr. President:** I have received a notice from Maulvi Muhammad Yakub that he proposes to ask for leave to make a motion for the adjournment of the business of the House today for the purpose of discussing a definite matter of urgent public importance as follows:

"The murder of the entire adult male Muslim population of Mochi village in the district of Mirzapur in the United Provinces and the setting of fire to their houses by the Hindus of that locality on the 14th and 16th March, 1931."

I have to enquire whether any Honourable Member has any objection to this motion.

**The Honourable Sir James Orerar** (Home Member): So far as Government are concerned, Sir, we do not propose to take any objection to this motion if it is the wish of the House that it should be discussed. But in that event I venture to express the hope that every Honourable Member who takes part in the debate will speak with a grave sense of responsibility,

**Bhai Parmanand Devta Sarup** (Ambala Division: Non-Muhammadan):  
I object to this motion.

**Mr. President:** As objection has been taken I would ask those Members who are in favour of leave being granted to rise in their places.

(Less than 25 Members rose.)

As less than 25 Honourable Members have risen, I have to inform Maulvi Muhammad Yakub that he has not the leave of the Assembly to move the motion.

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STATEMENT REGARDING PROPOSED CONFIDENTIAL MEETING  
WITH H. E. THE COMMANDER-IN-CHIEF.

**Diwan Bahadur T. Rangachariar** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, with reference to what fell from the Honourable the Finance Member yesterday about the offer which he made to the Leaders of Parties to meet His Excellency the Commander-in-Chief, I am sorry any occasion should arise for making a statement at all. But misleading and false accounts have appeared in the Press. We had an invitation from the Finance Member to attend a private meeting, fairly confidential, to discuss what should be the procedure adopted for the proposed Retrenchment Committee. We acceded to his invitation heartily; and myself and Mr. Neogy and Mr. Shanmukham Chetty on behalf of our party, my friend, Sir Abdur Rahim assisted by his able colleagues, Diwan Bahadur Ramaswami Mudaliar and Sir Cowasji Jehangir, attended the meeting along with Mr. Yamin Khan, who attended for his party and Sir Hugh Cocke assisted by three of his colleagues. When discussing the procedure for the Retrenchment Committee we happened to go into certain details as to whether cuts should be made, and the Finance Member told us in confidence that His Excellency the Commander-in-Chief would be pleased to receive us and give us information as to the details of the military expenditure and show that the expenditure was justified. But when I put the question as to whether part of the information at least would be confidential, he admitted it would be. Then I thought it would not be fair to my party that I should go and share in a conference at which I would be told certain things which I could not disclose to my party members. The object of such a conference should be to convince my party members to take a definite attitude. If I was to share in the confidence of His Excellency the Commander-in-Chief which I was not entitled to disclose to my own colleagues, it was no use, I thought, taking part in such a conference, and it would place us in an awkward position in the party, and that view was shared also by my Honourable friend Sir Abdur Rahim for his party, and so we expressed our disinclination to accept such a kind offer which had been made. The very fact that occasion has arisen for me to rise in my place to make this statement is abundant evidence that my fears were justified. Some Honourable Member who was present at that meeting has disclosed completely or otherwise to some Press correspondent who made it a point to criticise and comment upon the attitude of the Leaders of the Indian Parties in not accepting this offer, as if we were afraid to face the truth.

I saw that in the *Times of India*; immediately I drew the attention of the Finance Member to the fact that our confidence had been broken—I did not know by whom—and that it was up to him to see what action he proposed to take in the matter, and incidentally remarked that Indians are easily accused of not being able to keep confidence and therefore it is not proper that such a thing should take place. I little expected, if I may say so in all frankness, that the Finance Member would refer to that in his speech yesterday and would refer to it in the way in which he did. He suggested that an apology was due to me by some Member who was present in the conference for having disclosed it. I think that an apology is due to him, not to me. It was by his invitation and under his authority we appeared there as his guests; if any apology is at all due, it is not due to me but to him as the gentlemen who convened the conference, and not to me who was only one of the people present there; so that the way in which he referred to it was rather unfortunate if he will reflect over what he has said yesterday. It is only this morning I saw his speech. I did not follow carefully what he said yesterday, otherwise I should have immediately stood up and said it. Having seen that, it appears to me if we are to decide—and my present inclination is still to reject the offer if it is coupled with those terms, namely, confidential talks: in a matter of this sort where I am acting on behalf of the party, it is absolutely useless on my part unless I am to share confidence in matters of this sort. However I will put it to my party freely; to ascertain if they are inclined to accept the offer and they are willing to let me go or anybody else to share confidence. But I do resent the way in which the confidence was broken and I do resent also, with due respect to my Honourable friend, the rather indulgent way in which he referred to that breach of confidence. I should have expected him to have been more severe and to have expected an apology to him and not to me as Leader of the Opposition, because it is his hospitality which has not been respected. It is not my hospitality which has not been respected, and therefore I hope he will now reflect and see that what he said yesterday was not enough and was only partial. In the comment of the *Statesman* this morning I find as if I am alone responsible for the attitude taken. I am glad to say that I share that responsibility with my Honourable friend Sir Abdur Rahim who leads the Independent Party in such a distinguished manner, and I do think there was a general agreement except for certain gentlemen who were present there. I am very sorry any occasion should have arisen to make a statement of this kind. It shows the dangers of being called to a private conference and confidential talks and we are exposed to suspicion and the Indian public are generally suspicious. Added to that, if this sort of disclosure takes place, I think there will be an end to confidential talks.

**Sir Abdur Rahim** (Calcutta and Suburbs: Muhammadan Urban):

Sir, I wish to corroborate my Honourable friend Diwan Bahadur Rangachariar's statement as to what happened at the meeting we had with the Honourable Sir George Schuster the other day. We were asked to meet the Finance Member so that he might have a talk with us on the question of retrenchment as well as, I believe, the Finance Bill. Then in the course of conversation he suggested that we might see His Excellency the Commander-in-Chief—i.e., some of us—and hear what he had to say; and he said at the same time that he might give us information of a valuable character which however would be confidential, and he asked us whether that would suit us. Diwan Bahadur Rangachariar and Mr.

Shanmukham Chetty of his party and myself and Sir Cowasji Jehangir and Mr. Mudaliar of our party were all agreed, and I think Mr. Yamin Khan also, that any confidential conversation with His Excellency the Commander-in-Chief could not help our position in any way with reference to the Finance Bill and the question of the Military Budget. That was our feeling, and we expressed that feeling freely to the Honourable the Finance Member. So far as I am concerned, at least that part of the conversation I expected was not to be made public. As regards the formation of a Retrenchment Committee and all that, it was expected that an announcement would be made in this House, but so far as the suggestion as to our meeting His Excellency the Commander-in-Chief was concerned, I certainly understood that that part of the conversation was to be treated as confidential, and that it was not to be made public or stated in this House. Sir, I must say that I made it clear at that time that we had no personal objection to meeting His Excellency the Commander-in-Chief, but that our objection was that since the information he would give us would be of a confidential nature we should be placed in a very false position with reference to our party, and we could not act upon it in any way. That was our difficulty, and we had not as a matter of fact consulted our parties with reference to any such matter. Now that the Finance Member has made the suggestion again on the floor of this House, as my friend Diwan Bahadur Rangachariar said, we shall also have to consult our own party as to what attitude we should adopt.

Another thing that passed in my mind at the time from the speeches of the Finance Member in this House as to the attitude of the Government was that, so far as the military authorities were concerned, they were not prepared to make any further retrenchment whatever in their Budget, and if that was so, it appeared to me hardly useful that we should have any sort of conversations of a confidential nature with His Excellency the Commander-in-Chief.

**The Honourable Sir George Schuster** (Finance Member): Sir, I think it is due to me just to say a few words on this subject though one does not want to run into the danger of starting again a sort of second reading debate on the Finance Bill. I must explain that in referring to this matter in my speech yesterday, I did so because I had just received a note from my Honourable friend the Leader of the Opposition, and the matter having become public in the way in which he had called my attention to it,—and it was for the first time as I had not seen the notice in the press—the matter having been made public in that way, I felt that no harm could be done in referring to it again, and as my friend had written to me, I felt that it was to him especially that I should address my remarks. But I want to make one point quite clear at the outset, that I had no intention in suggesting that this attitude was his attitude alone. In fact, in the note which I myself made of the meeting, I recorded that it was the attitude of all Members present, including my European friends, for, I had understood that, after reflection, although they themselves said they would like to have a talk with His Excellency the Commander-in-Chief, they entirely accepted the attitude taken up by the other representatives present. Therefore, I understood that they arrived at an unanimous decision. I happen to have a note of my own speech of

yesterday here, and the words that I used were, "for various reasons my friends thought at any rate that at that stage nothing would be gained by that course", and then I went on to say "Their reasons were, I am prepared to recognise, good reasons". I myself felt the force of their reasons, and I think that there is nothing that I said yesterday which could have been interpreted as casting any sort of reflection on my Honourable friend in particular or on all those present in general for the attitude they had adopted. I then went on to say, "I venture to think that possibly that course might be reconsidered," and that was another reason that I had for mentioning it yesterday—that I wished to renew the suggestion which I had made.

Then, Sir, as regards the fact that I had made that suggestion, I would also like to make this clear, that several speakers in the course of the general discussion on the Budget had thrown out to me the suggestion that Government ought to take representatives of the other side into their confidence. The suggestion was that there were certain facts that could be explained in a private talk, but which could not be made clear in the ordinary course of the debate in this House. I myself in speaking to my friends discussed that suggestion, and I said to them very much what they themselves have said to me since, and what my friend the Leader of the Opposition has just said in his remarks this morning. I recognise that there are considerable disadvantages in any attempt at private conversations, for that course generally does lead to suspicion, and as I myself said in my speech yesterday, I do not really understand what "taking people into confidence" means, because I have already taken the House fully into my own confidence. I have been perfectly frank and I have nothing more that I can say on the subject, although of course there are details which cannot be fully discussed in the course of a debate in this House.

Then, Sir, the intention that I had in suggesting this discussion was this that, if my friends are going to suggest cuts in revenue (that revenue which we desire to get and which we feel in the public interest we must have), I wanted them to appreciate what the consequences would be. That, after all, is what facing realities means and what taking responsibility means. You cannot cut out revenue and reduce expenditure without leading to certain consequences, and I thought it would be valuable if His Excellency the Commander-in-Chief could explain to them fully what the consequences of cuts in Army expenditure would be. My friend has made a special point of the confidential nature of the discussion. It was not really very much present to my mind, though I accept his statement, and I probably did say that in the course of that discussion, confidential matters would be discussed, but as far as the general conclusions are concerned, I fully recognise that if my friends were influenced in the least by what His Excellency the Commander-in-Chief said, they would have to make clear to the public what the reasons for that influence were, and to that extent the conversations certainly could not be confidential, and no one would expect them to keep them confidential.

That, Sir, is all I have to say. I am very sorry that this incident should have led to any sort of feeling on the part of my Honourable friend, the Leader of the Opposition. I am sure he will acquit me of any intention to suggest anything which would justify a grievance. I thought I was exercising a courtesy to him, though I recognise now that in selecting

[Sir George Schuster:]

him for the exercise of my courtesy I did convey the suggestion that he was particularly connected with the final result. Sir, I have now corrected that impression that he was no more responsible than anybody else, and I myself entirely agreed in his conclusions at that time.

**Diwan Bahadur T. Rangachariar:** And the apology is due to you. I do not expect it.

**Mr. Arthur Moore** (Bengal: European): Sir, I should like very briefly to correct a misapprehension. Sir Hugh Cocke unfortunately has to be elsewhere this morning, but I know that he would agree with me in what I say. I understand how the misapprehension occurred; because four Members of the European Group were present at the conversation, and it is quite true that at the end one Member of the Group expressed the opinion that he and we thoroughly understood the difficulty of the other party leaders. We understood the difficulties that they might be placed in, but in our own case that was not so. Sir Hugh Cocke did, I think, make it perfectly clear that the European Group was of opinion that this conference with the Commander-in-Chief should take place, and that we should join in it.

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#### ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON ROADS.

**Mr. President:** I have to inform the House that the following Members have been elected to sit on the Standing Committee on Roads, namely:

1. Mr. L. V. Heathcote.
2. Mr. B. Rajaram Pandian.
3. Mr. A. H. Ghuznavi.
4. Rao Bahadur S. R. Pandit.
5. Nawab Naharsingji Ishwarsingji.
6. Mr. Goswami M. R. Puri.

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#### ELECTION OF THE STANDING FINANCE COMMITTEE.

**The Honourable Sir George Schuster** (Finance Member): I move:

“That this Assembly do proceed to the election, for the financial year 1931-32, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee.”

The motion was adopted.

**Mr. President:** I may inform Honourable Members that for the purpose of election of Members to the Standing Finance Committee, the Assembly Office will be open to receive nominations up to 12 Noon on Monday, the 23rd March, while the election, if necessary, will take place in this Chamber on Wednesday, the 25th March, 1931. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

## ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

**Mr. President:** Members will now proceed to elect three non-official Members to serve on the Standing Committee to advise on subjects in the Department of Commerce. There are 8 candidates whose names are printed on the ballot papers which will now be supplied to Honourable Members in the order in which I call them.

(The ballot was then taken.)

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## THE INDIAN FINANCE BILL—*contd.*

**Mr. President:** The House will now resume the further consideration of the Finance Bill, clause by clause. The question is that clause 2 stand part of the Bill.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): I beg to move that clause 2 be omitted. Sir, every year attempts are made to reduce this tax, but the attitude of the Government is always against the wishes of non-official Members of this House. In the previous years, many distinguished Members of this House have spoken on the necessity of reduction of this salt tax and I do not wish to weary the House by repeating the same arguments which are so well known to the Treasury Benches. I want only to remind them of one fact. That is the importance of this tax was realised even by His Excellency the Viceroy inasmuch as, in the agreement which has been arrived at between him and Mr. Gandhi, mention has been made of it. The statement says:

“For the sake of giving relief to certain of the poorer classes, they are prepared to extend their administrative provisions, on lines already prevailing in certain places, in order to permit local residents in villages, immediately adjoining areas where salt can be collected or made, to collect or make salt for domestic consumption or sale within such villages, but not for sale to, or trading with, individuals living outside them.”

I most certainly appreciate the spirit of His Excellency the Viceroy in accepting the principle underlying my motion, *i.e.*, of giving relief to the poorer people. Thousands and thousands of poor Indians will ever pray for his long life and prosperity. It is stated in the above agreement that it is permissible to collect salt for domestic purposes in the adjoining areas where it is collected or made. Relief has only been given to those people who live near the areas where salt is made, but what about those who live away from those places? It is still a great hardship to them. The treatment of all the people should be alike. The reason of my bringing forward this motion is simply this, that in the places which are far off from the salt-producing areas, the poor people should get their supply of salt at least at a cheaper price and thus the treatment of all people of this country should be nearly the same. I know that there will be a little loss to the revenue, but I see, after introducing the Budget, the Finance Member has introduced other Bills for new taxes. I hope these new taxes will compensate the loss, and if after this loss, some more money is required by the Government, they should reduce their expenditure or I

[Mr. M. Maswood Ahmad.]

suggest that this loss should be made up by increasing the taxes on luxuries and liquors. Salt is a thing which is consumed by the poor. With these words I place this amendment before the House for its acceptance, and I hope and trust that the Government will show, by accepting this motion; that they are really anxious to help the poor people of this unfortunate country.

**The Honourable Sir George Rainy** (Member for Commerce and Railways): I do not know whether the Honourable Member who moved this motion has realised the precise effect which would result if it were passed. If Honourable Members will look at the clause as it stands in the Bill, it begins:

“The provisions of section 7 of the Indian Salt Act, 1882, shall in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in or imported into, any part of British India other than Burma and Aden”

and the provisions have to be construed in a certain sense. Now, if this amendment were carried, section 7 of the Salt Act would still remain in force and the Governor General would have full powers by rule to make the duties on salt what he chose. The effect therefore would not be the abolition of the salt duty, as my Honourable friend desires, but would merely deprive this House of exercising any control over the power which the law gives to the Governor General in Council. Sir, I think before the discussion goes further, it is well that the House should realize what the position is.

**Mr. President:** The question is that clause 2 be omitted.

The motion was negatived.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadan Rural): Sir, I beg to move:

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

Sir, in moving this amendment I will not tire the patience of this House by repeating what we have been saying for the last ten years in this House. In fact Honourable Members on the Treasury Benches have characterized these attempts at the reduction of the salt duty as a hardy annual of this House. With that opprobrium on my head, however, I still bring forward this amendment in order to give as much relief as possible to the poor of this country. Sir, salt is an article which is a prime necessity to every living being on earth, and I may go further and say, to every living organism. We know also that salt is to a certain extent used as a manure; and salt is also necessary for our cattle. Salt is indispensable for the poor man's breakfast too. Many will not be able to realize the value of salt because they get it so abundantly and for an amount of money which to them is trifling, I have seen people taking their breakfast with a pinch of salt only. People who really know the poverty of this land, people who have cared to go through the villages of this country will realize this. Of course living under electric fans and electric lights, with all the amenities of modern civilization, they will not be able to understand fully what it is for the poor to buy salt. They used to pay formerly half an anna for a seer, then three pice for a seer, then one

anna for a seer, then one anna and a half for a seer, and now it has come to two annas in the villages. All these things are known to those who have any knowledge of the life of the poor of this country. I am myself a villager. I live amongst the poor, and I know their difficulty. Many Honourable Members here will not be able to realize it, but at the same time I know they sympathize with the poor and they will support me in my endeavour to get the little relief which I am attempting to bring to the millions of this country by attempting to reduce the salt tax as much as possible. Sir, in arriving at the figure of 8 annas, I have found that the Government will not be a great loser; but of course there will be a loss in the revenue which my Honourable friend, the Finance Member, wants; and as a Retrenchment Committee is going to sit, I think they will be able to find out ways and means for reduction of the amount of expenditure that will be incurred by a reduction of the salt tax. With these words, Sir, and without further tiring the patience of the House, I beg to move the amendment which stands in my name.

**The Honourable Sir George Schuster** (Finance Member): Sir, the Honourable the Mover and I are old enemies, or perhaps old friends, in this matter; and I am sure that as he has been very short in his speech, he will not expect me to be long in my reply. The House, Sir, is fully aware of the important part which salt revenue plays in our total revenue, and my Honourable friend's amendment would mean a loss of some 3 crores. That, I fear, we cannot face today. But in making my reply on this occasion, I have perhaps a little more than usual to say, for I do think that the Government can claim that, so far as the exigencies of revenue permit, we have done our best to meet the wishes of the public in regard to our salt policy. On the one hand, as part of that settlement which has been referred to with so much appreciation in this House on several occasions, steps have been taken to give to the very poorest classes of the community who live in the neighbourhood of salt deposits the opportunity to collect salt for their own consumption without any payment at all. I am sure my Honourable friend will appreciate that that at least is an important move in the direction which he advocates. On the other hand, we have tried to give effect to what we understand to be the public desire for a policy to make India self-supporting in the matter of salt, and there the Bill which I introduced in this House a few days ago represents the first step in that direction. Therefore, I hope my Honourable friend who moved this amendment and all those who have spoken with great feeling on the subject in the House in the past will feel that at least their efforts have not been in vain, and that the policy of the Government of the country is gradually moving in the direction which they desire. I fear, Sir, however, that that is as far as we can go at present, and I must oppose my Honourable friend's motion.

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

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

The motion was negatived.

**Mr. Amar Nath Dutt:** Sir, failing in my attempt to effect a reduction to the extent which my first amendment refers to, I would like to move the next amendment which stands in my name—and herein I think I will

[Mr. Amar Nath Dutt.]

have more support, at least from this side of the House, than I had when moving my last amendment. Sir, I move:

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

Now, Sir, I gratefully acknowledge the concessions that have been made by the Honourable the Finance Member and his Government for manufacturing salt for personal use, but at the same time I do not share the same views about the Bill which he introduced and by which he wants to deter us from moving our amendments. There will be occasion to criticize the Bill further; all that I can say at the present moment is that I have received lots of telegrams numbering nearly one hundred from various parts of Bengal about the proposed Bill. So, Sir, Honourable

Members of this House, I hope, will not be misled by the introduction of a Bill which would mean an additional rise of the price of salt, at least in Bengal. I beg to submit that I will have the support of the Members on this side at least if not of the Honourable Members on the Treasury Benches on this amendment. I beg to move it, Sir, without any further words.

**The Honourable Sir George Schuster:** Sir, I am afraid, I must still oppose my Honourable friend.

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

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

The motion was negatived.

**Mr. Amar Nath Dutt:** Like an importunate beggar, Sir, I stand up again for the reduction of the salt duty for the benefit of the poor of this country. My next amendment runs as follows:

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

Again, I wish to remind the Honourable Members on this side of the House, as also Honourable Members on the opposite side, that I am only asking for a little concession. It is a very small amount and I hope I will not be disappointed this time, having regard to the fact that salt ought to be free like the air and water in this world.

**Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural):** Sir, I have great sympathy with what my Honourable friend, Mr. Amar Nath Dutt, has said on this question. But for the fact that we are passing through very bad times, I should have certainly come forward to support him. Considering however the fact that we are working at a huge deficit, a deficit of more than 15½ crores of rupees, I would earnestly request him not to press this motion. The country is not going to be taxed with any additional taxation on salt and this is not the proper time to have the prevailing rate reduced. The implication of this clause in the Finance Bill is that we only authorise the Governor General in

Council to continue the present rate. No new tax is to be imposed and the present rate is to continue for one year more. Next year, if conditions improve, we shall certainly try our best to reduce the tax on salt.

**The Honourable Sir George Schuster:** Sir, I must congratulate my Honourable friend, the Mover, on his importunity, but I am afraid I cannot be influenced by him.

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

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

The motion was negatived.

Clause 2 was added to the Bill.

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

"That clause 3 stand part of the Bill."

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, as a matter of procedure, I would like to submit to you that clause 3 relates to certain amendments which are embodied in Schedule I to the Bill, I would therefore submit that, to facilitate the procedure, it would be better if you take up Schedule I now, and then take up all the amendments relating to Schedule I. After adopting Schedule I as amended, you can take up clause 3.

**Sir Lancelot Graham** (Secretary, Legislative Department): I do not think, Sir, it really matters much; it is a matter for the convenience of the House—I think a similar question was raised last year—I forget what the decision then was—and it was ruled that as long as it is held that passing of the clause does not amount to passing Schedule as it stands, it really does not make much difference. It is entirely for the convenience of the House and I have no objection to the course proposed.

**Mr. President:** It appears to me that if the Schedule, which is referred to in this clause, is proposed to be amended, it will be a better procedure—I have looked up the procedure adopted on different occasions in the past—if we took the clause after the Schedule has been disposed of. There is a distinct advantage in adopting that procedure as the House will be able to discuss the Schedule in detail before they are called upon to give sanction to the clause as it stands in the Bill. We will therefore adopt that procedure.

**Mr. R. K. Shanmukham Chetty:** The question for consideration, then, now is that Schedule I stand part of the Bill.

**Mr. President:** I am just looking up the amendments before I put that motion.

The question is:

"That Schedule I stand part of the Bill."

**Khan Bahadur Haji Wajihuddin** (Cities of the United Provinces: Muhammadan Urban): Sir, I do not wish to move the amendment\* standing in my name.

**Mr. M. Maswood Ahmad:** Sir, I do not wish to move the amendment† standing in my name.

**Mr. President:** Mr. B. Sitaramaraju.

**Sir Lancelot Graham:** On a point of order, Sir, before the Honourable Member is allowed to move his amendment, I wish to bring to your notice that his is an amendment which raises the taxation proposed in the Bill. There have been many definite rulings on this point. Your predecessor, Sir Frederic Whyte—I think it was in the year 1923—on more than one occasion said that he could not allow the House to debate on any amendments which increased taxation. On one occasion he said that he might

\*“In Schedule I to the Bill for the proposed amendment No. 2 the following be substituted :

‘2. For item No. 34 the following shall be substituted, namely :

		Rs.	a.
‘ 34	Sugar, excluding confectionery ( <i>see</i> No. 124)—		
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt.	6 0
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt.	5 8
	(3) Sugar, below 8 Dutch Standard and sugar candy.	<i>Ad valorem.</i>	25 per cent. <i>plus</i> two rupees and twelve anna per cwt.
	(4) Molasses . . . . .	<i>Ad valorem.</i>	25 per cent.’”

†“In Schedule I to the Bill for the proposed amendment No. 2 the following be substituted :

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	(3) Sugar, below 8 Dutch Standard and sugar candy.	<i>Ad valorem.</i>	25 per cent. <i>plus</i> one rupee and eight annas per cwt.
	(4) Molasses . . . . .	<i>Ad valorem.</i>	25 per cent.’”

allow an amendment to be discussed if Government would move on the same subject an amendment which would provide an alternative. But he definitely ruled that he would on no occasion allow amendments increasing taxation. If you, Sir, also hold the same view and stick to the procedure laid down by your predecessor, then I do not see how this amendment can be moved.

**Mr. B. Sitaramaraju** (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, I do realise that under the rulings I cannot move the amendment\* which stands in my name without the permission of His Excellency the Viceroy. I received a communication that I have not got the permission. So I do not move it.

**Seth Haji Abdoola Haroon** (Sind: Muhammadian Rural): I beg to move:

"In Schedule I to the Bill in Item 34 of the proposed amendment No. 2 for the figures and words '25 per cent. *plus* two rupees and twelve annas', the figures and words '25 per cent. *plus* one rupee and eight annas' be substituted."

In moving this amendment, I only want to say a few words. Although Honourable Members know very well that sugar has been taxed more than 150 per cent. today, the value of sugar received in India *c. i. f.* is hardly Rs. 4-12-0 per cwt., whereas this new duty will make it Rs. 7-4-0 per cwt. Although I find that the sugar duty is so heavy, especially on the exports, yet like some of my Honourable friends, I do not object to that duty considering India's economic position. I do not object to the duty of Rs. 7-4-0 per cwt., on account of the fact that in the latest Report of the Tariff Board, they have actually showed that India cannot produce more sugar unless she is protected by some sort of tariff wall. We also know that all over the world, they are protecting their indigenous industries by tariff walls. With this end in view, I want to reduce the duty from Rs. 2-12-0 per cwt. to Rs. 1-8-0, because that would give protection for making sugar in India. Without protection, India will not be able to produce sugar as much as she requires for her own consumption. This item means that on raw sugar there will be an *ad valorem* duty of 25 per cent. *plus* Rs. 2-12-0, which I want to be reduced to Rs. 1-8-0, *plus* 25 per cent. I want that raw sugar must come to India at present for at least one, two or three years, so that the refining industry might thrive, so that the sugar might be improved in India and also to enable India to produce as much sugar as she wants

\*"In Schedule I to the Bill for the proposed amendment No. 2 the following be substituted:

2. For Item No. 34, the following shall be substituted, namely:

		Rs.	a.
34	(1) Sugar, crystallised or soft ?3 Dutch Standard and above.	Cwt.	7 8
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt.	7 0
	(3) Sugar, below 8 Dutch Standard and sugar candy.	<i>Ad valorem.</i>	25 per cent. <i>plus</i> three rupees per cwt.
	(4) Molasses . . . . .	<i>Ad valorem.</i>	25 per cent."

[Seth Haji Abdoola Haroon.]

for her consumption. I want to draw the attention of the Honourable the Finance Member to the instance of England. I will not go to other countries for citing examples. In England also there was a different kind of duty on raw and refined sugar. Since the last two or three years, they have reduced the duty on raw sugar; therefore England has established her refining industry better than previously. Previously England used to import refined sugar; whereas within the last three years, England, having got the protection, has ceased to import refined sugar. She imports raw sugar and gets it refined in her own country. At present there are some factories in India which are producing sugar from Indian products. I want that until India can establish new machinery for producing refined sugar, until that time, she requires protection. I want in this way to give a little more life to the factories that are in existence and also for some others who want to establish refineries in India. This will enable the people here to import raw sugar from other countries and refine it here for Indian consumption. I know that if the Government of India had taken a little more care some few years back, India would have by this time been in a position to produce all the sugar required for her consumption. But on account of the increased duty imposed by the Government of India and some other natural causes, the Government having jumped on sugar and they have got a fairly large amount, namely 10½ crores as income only last year. By this not only the sugar industry is getting some benefit, but some relief is obtained in the cultivation of sugar-cane in India. I admit on the floor of this House that had not this duty been raised within the last few years, then probably today India might have had to stop the cultivation of sugar-cane. For some reason or other these duties have been put upon it and I, for my part, though I am dealing in sugar, do not object to the imposition of this duty, considering India's economic position. What I want is that this refining industry should be well established in India, so that we can import raw sugar from different countries at cheap rates and then with some sort of labour we can refine it and thus the refining industry will flourish in India. We can get plenty of raw sugar from the different parts of the world. England is not only able to manufacture refined sugar from the raw sugar that she imports, but she is also able to manufacture in sufficient quantities so as to meet her own requirements as well as export to other countries to the extent of about 2 million tons.

With these few words, I ask this side of the House to support my amendment.

**The Honourable Sir George Schuster:** Sir, I think my Honourable friend the Mover and I are really at cross-purposes in this matter. I am proposing certain alterations in duty for revenue purposes in the Finance Bill, and my Honourable friend has taken the occasion to put up a case for the protection of sugar refining in India. Pending a consideration of the Tariff Board's Report we are this year adopting the simple procedure of adding the same duty to all the three grades of sugar that are separately classified in the Schedule, and I would ask my Honourable friend to accept that as a proposal made merely for revenue purposes which does not commit Government in any way to a final policy when the protection of any part of the sugar industry comes under consideration. Sir, from the point of view of a revenue measure we felt that it

was essential not to introduce any protective elements or to guide our policy by that sort of consideration, and on these grounds I must oppose my Honourable friend's amendment.

(At this stage Mr. K. P. Thampan rose to speak.)

**Mr. President:** The Honourable Member cannot address the House now. I waited for some time to give Honourable Members an opportunity of addressing the House before I called upon the Honourable the Finance Member to reply, but no one rose in his seat to do so.

The question is:

"That in Schedule I to the Bill in Item No. 34 of the proposed amendment No. 2, for the figures and words '25 per cent. *plus* two rupees and twelve annas' the figures and words '25 per cent. *plus* one rupee and eight annas' be substituted."

The motion was negatived.

**Khan Bahadur Haji Wajihuddin:** Sir, I beg to move:

"That in Schedule I to the Bill the proposed amendment No. 4 be omitted."

The object of my amendment is quite clear. I think the rate of duty on silver, which is already fixed at 4 annas, is more than justified for the simple reason that silver is largely used in India by the poorest of the poor, and to increase it now to six annas as proposed in the said Act at this critical moment in the history of India will be felt very much by the masses. I therefore ask the Honourable Members to accept my amendment.

**Diwan Bahadur T. Rangachariar** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, it is very difficult to follow the motion. What is amendment No. 4?

**Mr. President:** If the Honourable Member turns to page 4 of the Finance Bill, he will find under Schedule I item No. 4 which says that for the words "Four annas" in the fourth column of item No. 43 BB in Schedule II of the Indian Tariff Act, 1894, the words "Six annas" shall be substituted. The Honourable Member wishes to delete that and retain it at four annas. The House is now possessed of the amendment of Khan Bahadur Haji Wajihuddin that in Schedule I of the Bill the proposed amendment No. 4 be omitted.

**The Honourable Sir George Schuster:** Sir, the question of the imposition of an import duty on silver is one which was very fully argued in the course of the debate on last year's Finance Bill. I take it from the silence with which this amendment has been received, that Honourable Members opposite have been convinced by the arguments which I then put forward, and in view of the great amount of business which the House has now to transact. I do not propose to repeat those arguments. I would merely say this that we consider that the duty which we imposed last year has answered its purpose most admirably both as a revenue producer and as a measure which has done something to stabilise the internal value of silver in India. We do not consider that there has been any evidence that it had any effect on world-prices, and the fears expressed this year that a further increase of that duty might affect world-prices do not seem in practice to have been justified; because almost from the

[Sir George Schuster.]

very day on which our proposals were announced, a marked strength was displayed in the silver market, and the price has risen considerably. I therefore without any further argument oppose this amendment.

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

“That in Schedule I to the Bill the proposed amendment No. 4 be omitted.”

The motion was negatived.

**Mr. S. C. Shahani** (Sind: Non-Muhammadan Rural): Sir, I beg to propose my amendment that the duty on silver be not raised from 4 annas to 6 annas.

**Mr. President:** The Honourable Member's amendment No. 25\* has been disposed of. The amendment that he can now move is the one proposing to substitute for the words “Six annas” the words “Four annas and one pie”.

**The Honourable Sir George Schuster:** Sir, before my Honourable friend moves his amendment might I be permitted to make an appeal to him in the general interests of the House not to ask the House to discuss this amendment? The original amendment was to substitute a duty of four annas for the duty of six annas which we propose. The House has not accepted that proposal and I suggest that to discuss now whether the duty should be four annas and one pie is almost tantamount to putting a frivolous proposition before the House. I hope my Honourable friend in the general interests would agree not to move this.

**Mr. President:** I will draw the Honourable the Finance Member's attention to the fact that he has deliberately given notice of two amendments. One is that the present rate of duty of four annas should be retained and the other is that if that amendment fails he will move that the duty should be four annas and one pie. I will leave it to the Honourable Member to decide whether, having regard to the views that appear to prevail in the House, he still wishes to move it.

**Mr. S. C. Shahani:** Yes, Sir. I will move my alternative amendment which is:

“That in Schedule I to the Bill in the proposed amendment No. 4 for the words ‘Six annas’ the words ‘Four annas and one pie’ be substituted.”

I propose a nominal increase in the duty on silver; and my reasons for so doing are that a 50 per cent. increase will further depreciate the price of silver in the world markets because of India's inability to buy, and will so affect adversely the real wealth of the people of India held in silver. It has been said by the Honourable the Finance Member that possibly the proposed increase of the duty on silver to annas six per oz. might check the consumption of silver in India. I feel it is bound to check the consumption of silver in India, and further weaken the price of silver to the disadvantage of India and the whole world. 100 to 110

\*“In Schedule I to the Bill the proposed amendment No. 4 be omitted.”

million ounces, it is expected by the Honourable the Finance Member, will be consumed during 1930-31. He thinks that this normal quantity in the case of India will be consumed in 1931-32 despite the proposed increase of duty. But I say that the conditions have greatly worsened in India, and the agriculturist will be unable to meet his ordinary expenses and much less will he be able to purchase silver. The currency of India has contracted and silver cannot be purchased in preference to the articles of necessity. With the prices falling, there is bound to be a depression in trade, and I must request Honourable Members to note that the clearance of the silver stocks both by Government and the people will be made more than ever difficult and a losing concern by such an increase, six annas in lieu of four annas, in the duty on silver. With these remarks, I beg to move my amendment.

**The Honourable Sir George Schuster:** Sir, I have already dealt fully with what I consider to be in substance an identical amendment and I do not propose to say any more to the House on the subject.

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

“That in Schedule I to the Bill in the proposed amendment No. 4 for the words ‘Six annas’ the words ‘Four annas and one pie’ be substituted.”

The motion was negatived.

**Mr. S. C. Shahani:** As regards the next amendment . . . . (No. 26).

**The Honourable Sir George Rainy:** I would submit, Sir, that this amendment is really supplemental to No. 27. The latter seeks to omit the new provision inserted by the Bill, while the other, as a consequence seeks to reinsert the existing entry.

**Mr. C. C. Biswas** (Calcutta: Non-Muhammadan Urban): But there is another amendment No. 27. Amendments Nos. 26 and 27 ought to be taken together.

**The Honourable Sir George Rainy:** It is merely a matter of convenience, but the substantive amendment really is the one which proposes to omit item No. 7 from Schedule I to the Bill.

**Mr. R. K. Shanmukham Chetty:** The proposal of the Government is to omit the item relating to spices which in the Indian Tariff Act is now included in the 15 per cent. schedule. The Government want to transfer it to the 30 per cent. schedule. My friend, Mr. Shahani, wants that the item relating to spices should be taken back and placed in the 15 per cent. schedule.

**Mr. President:** The effect of this amendment is that the Honourable Member desires that it should be retained in the 15 per cent. schedule.

**Mr. R. K. Shanmukham Chetty:** Quite so.

**Mr. S. C. Shahani:** I beg to move my amendment:

“In Schedule I to the Bill the proposed amendment No. 5 be omitted.”

[Mr. S. C. Shahani.]

I want in connection with this to say just a word in order that Honourable Members may realise what it is to increase the duty on spices. I am an agriculturist I know how agriculturists live in this country. I have seen them having *sattoo* or baked rice with a solution of water and pepper and salt: I have seen them chew dry gram with the same solution and I have seen people eating bajri bread with whey in which a little pepper and salt have been put. I wonder if anybody who knows this condition of things have the heart to propose an increase of duty on spices. Any revenue that might arise from such an increase should be secured by retrenchment in the extravagant expenditure of the Government. With these remarks, I beg to move my amendment.

**The Honourable Sir George Schuster:** Sir, I think my Honourable friend's speech has really been directed to support both his amendments Nos. 26\* and 27†. He has dealt both with removing these articles from one part of the Schedule and with putting them into another. I think therefore that it will be convenient that his speech should be treated as having dealt with both those amendments. In answer to his argument I have only this to say, that the Government's proposals as regards increased Customs duties this year were made on a comprehensive basis, that we adopted this principle of putting surcharges on a very large number of items and that we saw no reason for making an exception of this particular small item. I do not believe that the increased cost of articles of this kind is going to operate as a serious hardship on the consumer, and the arguments which my Honourable friend has used are of course in essence applicable to almost every item of increased taxation. I do not think he has suggested anything which sounds in the least convincing to my mind, that any particular injustice is being done in this particular case. On these grounds I must oppose his amendment.

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

"In Schedule I to the Bill, the proposed amendment No. 5 be omitted."

The motion was negatived.

**Mr. S. C. Shahani:** I beg to move amendment No. 28:

"In Schedule I to the Bill the proposed amendment No. 9 be omitted."

My reason for moving this is as follows. Betelnuts are the only article of luxury or to be more accurate, one of the very few articles of luxury, which the poor man can command, and a cent per cent. increase on this poor man's article of luxury, from 15 per cent. *ad valorem* to 30 per cent. *ad valorem* is therefore altogether uncalled for, and accordingly I move this amendment.

**Mr. S. G. Jog (Berar Representative):** I rise, Sir, to agree with my friend Mr. Shahani, but on different grounds. Betelnut is not an article of luxury. Whenever we invite friends, as a matter of ordinary courtesy we offer a piece of betelnut; and if this Government have gone so low as to charge this article, I think it is quite unfair. This is an article which

\*"26. In Schedule I to the Bill the proposed amendment No. 5 be omitted.

†27. In Schedule I to the Bill the proposed amendment No. 7 be omitted."

every one, poor as well as rich, has to offer as an ordinary item of courtesy to guests, friends and others whenever they come to our houses; and if the Treasury Benches want that we should not treat our friends and relations, I have got nothing to say. I have already charged the Government Benches with extravagance and many other things and the tone of their Budget, but now I find that the tone of the Budget has gone beyond the bounds of decency also. I do not think it is either decent or safe to charge betelnut with any duty, and I therefore oppose the proposal.

**Mr. T. N. Ramakrishna Reddi** (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, I beg to support the amendment proposed by my friend Mr. Shahani. Sir, as my Honourable friend just said, betelnut is the only article of luxury of poor people. In the whole of India betelnut is the only article of luxury of the poor man. After a hard day's toil he relieves himself by chewing a small piece of betelnut, and so if the tax is levied as proposed, it will hit the poor man very much. Of course, betelnut is also used by the middle and upper classes at the time of marriages and other ceremonial occasions, because on such occasions betelnut is the very first article that is offered to friends, guests and relatives. So betelnut is such an important commodity throughout the length and breadth of India that a tax on it should not be levied.

Now, Sir, taking the statistics, I find that the import of betelnut is about one million 475 thousand cwts. and the value of it comes very nearly to Rs. 2½ crores. Out of this total import of betelnut, we import 120,000 and odd cwts. from Ceylon. The duty besides, hitting hard the consumer, will have a paralysing effect upon our trade relations with Ceylon. After all, the Government have to raise about 23 lakhs from this import duty but I submit that in view of the hardship which will be caused to the poorer classes in particular, not to speak of the hardship to the upper and middle classes, I think this tax should not be levied. I therefore heartily support this amendment.

**Mr. M. Maswood Ahmad:** Sir, I oppose this amendment. The use of betelnuts is nothing but a luxury. At the same time, Sir, it is injurious to heart and also to teeth. I think it is high time that we gave up all our formalities and since we Indians are poor we must give up all these luxuries. For these reasons, Sir, I oppose this amendment.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, I am surprised that my friend Mr. Maswood Ahmad, who represents also the constituency that I represent here, says that betelnut is injurious to the human constitution and also harmful to the teeth. I know its efficacy, and if Indians possess beautiful teeth, it is due to their chewing betelnuts. In my constituency the people are so poor that they buy with the greatest difficulty only the cheapest kind of betelnut. The Honourable the Finance Member knows that the price of betelnut varies from 4 annas a seer to Rs. 8 a seer in some cities like Bombay, and though the betelnut imported to Calcutta is of a better quality, still only a very inferior kind of betelnut goes to some places in the eastern parts of India. The Honourable Member taxing betelnut would mean that he would be depriving the poorest of the poor of a certain amount of his daily necessity, which is not only useful to him from a hygienic point of view, but I think the poor people buy a

[Mr. B. Das.]

pie's worth of betelnut for chewing the whole day so that they can save themselves from the gnawing hunger, and so I would never like that the Finance Member should tax the poor man in this way, and if he will consult his Central Board of Revenue Department, he will know that even betelnuts which are rejected by merchants and people abroad are imported in large quantities in India so that the poor people can consume them. So, Sir, if it is a tax on the middle and the upper classes, one would not mind it so much, but it is going to affect the poorest of the poor, and for that reason I oppose this tax.

**Mr. K. P. Thampan:** Sir, I regret I am unable to say definitely whether this commodity the betelnuts should come under the category of luxuries or as a very necessary article used at the reception of guests in our houses or at marriage or other ceremonial occasions or as one of the essential necessities of life for the poor and the rich. I don't chew betelnuts, nor do I offer them to my guests. Sir, I oppose this amendment on quite a different ground and from a different view point. Perhaps, this House is not aware that I am coming from a constituency which supplies more than 78 per cent. of the betelnuts required in this country, I mean Malabar, South Canara and Nilgiris. Already in these districts the betelnut cultivators are finding it exceedingly difficult to dispose of their produce. The prices have fallen very considerably, and large stocks of betelnuts are lying in the godowns. The only country which competes with my district in betelnuts is Ceylon. The cultivators are unable to cope with this competition and do need some protection. So, Sir, if the House was justified in raising the duty on sugar as a kind of protection to indigenous industries, it will equally justify the imposition of an increased import duty on betelnuts also. It will help the agriculturist very much, because this kind of duty will enable them to dispose at a higher or more favourable rate of their stock of betelnuts. And, Sir, if this protection is continued, on behalf of my constituents I undertake to extend the cultivation of betelnuts and try to supply the whole demand of the country. So, Sir, I welcome the imposition of the increase in the import duty, and I strongly oppose this amendment.

**Mr. B. R. Puri** (West Punjab: Non-Muhammadan): Sir, I was not aware until I heard my Honourable friend Mr. Maswood Ahmad that the Honourable the Finance Member had such great solicitude for the improvement of the health of the people of this country that he has been actuated only on medical grounds to impose this taxation on betelnuts. Well, we are very thankful for such mercies that come from the Treasury Benches, but, Sir, whether our teeth are going to improve or not, by this taxation, we are bound to suffer in our health from the mere shock of a tax of this character. If the Government proceeds with their programme of taxation on these lines I think before long we might expect to hear that a tax has been imposed upon ordinary drinking water. I hope Government realise that it is time that further taxation in this direction was stopped. Sir, betelnut is not a luxury, but it may be a luxury in a sense, it is a poor man's luxury, and I think any tax imposed whereby the poor people are hit either directly or indirectly would be an imposition which I trust this House will not permit.

**Mr. B. K. Shanmukham Chetty:** Sir, before the Honourable the Finance Member replies to this debate, I would request him to give us some information on one point. I see that he wants to increase the import duty on betelnuts from 15 to 30 per cent. and he estimates that the additional yield of revenue by this increase will be 23 lakhs. Now, Sir, I would like to know from my Honourable friend what exactly is the total value of betelnuts imported into India, and what is the proportion of imported betelnuts to the home produce. That will enable us to estimate whether the imposition of this additional duty will seriously affect the prices, because I submit that if the volume of import is little as compared to the home product, the price may not be affected and the consumer may not suffer. As my friend Mr. Thampan pointed out, betelnuts are grown very extensively in certain parts of South India, and betelnuts also in common with other commodities have fallen very considerably in price. The fall in the price of betelnuts has therefore affected one class of agricultural population. So, if this duty will give some relief to the agriculturists who cultivate betelnuts, then it can be justified on the same ground on which my Honourable friends want an import duty, for instance, on wheat. I wish that my Honourable friend the Finance Member had given some more information on this point. I am sure that if he is able to give us the information, some of my friends on this side may be willing to revise their opinions. I hope he will tell us also from which country most of the imported betelnuts come.

**The Honourable Sir George Schuster:** With regard to the question that has just been put by my Honourable friend, I must ask him to give me a little time to give him the information which he wants. I did not expect that this particular amendment would be reached this morning. I have not got the detailed figures with me. We have rather upset the order in which we thought the amendments would be taken, but I will get my Honourable friend the information. I have got some information with me, but I have not got the information relating to local production, and I should like to give my Honourable friend a complete answer. I would, however, say in answer to his general argument, that as he puts the case, at least somebody is going to be benefited. If there is an import duty, the local production, which my Honourable friend Mr. Thampan says is in need of protection, will be benefited. On the other hand, if the local industry is not benefited, if the price does not rise, then, we shall get for the public revenue a substantial addition without doing anybody any harm at all. In fact we shall make the foreigner pay. So that, on the lines that my Honourable friend has suggested, this must be in every circumstance a most excellent tax.

Turning to the arguments that we have heard from the other speakers, I think I may say that they have almost neutralised each other. I think we had four speakers on one side for the amendment, and two speakers against it, but I propose myself to class the Mover of the amendment as being with me, because he has really in the substance of his remarks given away his case, for he himself said that the article is a luxury—"A poor man's luxury" it is true, but still a luxury. And in this year, when we have to look everywhere for revenue, I think there is very strong justification for taxing any form of luxury, even though it might happen to be a luxury which certain people in the poorer classes enjoy.

[Sir George Schuster.]

Generally, Sir, on the merits, I find that this particular tax is well placed in the whole scheme that we have proposed. I do not believe that it will be severely felt. It is expected to produce quite a substantial revenue, and fully realising as I do that all forms of taxation are intrinsically undesirable, I cannot feel that this is more undesirable than any other that we have produced. Some speakers have spoken as though this were an entire innovation. My Honourable friend Mr. Jog said that he was shocked to see that the Government should have sunk so low as to tax an article of this kind. But, is he aware that the taxation of betelnuts has been a weapon in our armoury of taxation for very many years? All that we are doing now is to say that we think that this particular article can afford a slightly heavier tax than it has hitherto borne. I think that is a very good illustration of the type of argument to which we have listened, and I remain unshaken in my faith that this is an extremely appropriate tax to be included in the general programme that we have submitted to the House. I only hope that it will do some good to the producers of betelnuts and thus help an agricultural industry of this country, though I must confess that that was not my primary object in including the proposal in my Budget plan. Sir, I must oppose the amendment.

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

"In Schedule I to the Bill the proposed amendment No. 9 be omitted."

The motion was negatived.

Schedule I was added to the Bill.

Clause 3 was added to the Bill.

**Mr. President:** The question is that Schedule II stand part of the Bill.

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I move:

"In Schedule II to the Bill the following item be omitted:

'40 Kerosene: also any other mineral oil included in item 9 <sup>per imperial</sup> <sub>gallon</sub>.'"

Sir, I believe that it will require no speech from me to convince the House that the poorer people in this country are not in a position to bear any taxation, direct or indirect, on the bare necessities of life. I know there was some contention just a minute ago, as to whether betel nut is a necessity of life or a luxury. But I do not think that anybody will doubt that kerosene oil is a necessity, at least for the poorer classes in this country. Sir, Government are very anxious to meet their Budget deficit. Whatever the reasons for this deficit Budget, there is certainly a deficit in the budget of individual Indians, and particularly, of poorer classes, and so, I think that the Government should be solicitous at least about the poorer classes. Especially when their produce is getting such a low price in the market, how can the poorer people meet their budget and at the same time be expected to pay the additional taxes? I hope that the Honourable the Finance Member will spare them at least in these

stringent and hard times. I am thankful to the Honourable Member for his scheme of additional taxation, because, whatever differences we may have on other matters, at least he has tried to spare the poorest classes of Indians as much as possible. But I think he will agree with me that this is one item where it will really affect even the poorest men. It must be admitted that the price of kerosene oil is really fixed on the basis of the cost of imported oil. We have already found that as soon as this additional taxation on imported kerosene was announced, the price went up, and I think that, if we raise the import duty by three pies a gallon, which means six annas per tin, the price in the wholesale market will also increase to that extent. It is not unknown to our people that really kerosene is the producer's monopoly in the sense that, though in India we produce some oil in Burma, the Burma Petroleum Company do not care for their cost of production in fixing the price, but they generally go by the cost price that is fixed on the basis of the price of the imported kerosene. Sir, I think that it will not be contested at all that the rise in price owing to the imported oil will certainly affect the poorest people who cannot bear any fresh taxation, particularly on the necessities of life.

Going through the Budget figures, I find that this is only a matter of Rs. 43 lakhs, and when the Honourable the Finance Member is willing to try his best to curtail his Budget, I hope that he will spare at least the poorer classes this Rs. 43 lakhs, which in a Budget of Rs. 135 crores is really nothing. If he is at all serious in his desire to help the poor classes in this country, I hope that he will not oppose my motion for doing away with this import duty.

**Mr. C. O. Biswas:** I suppose, it is not quite correct to say that if this increase is struck out, the loss to revenue will be 43 lakhs of 1 P.M. rupees only, because this will involve the omission of the increase in the excise duties as well. 43 lakhs comes from the proposed increase in the import duty and 52 lakhs comes from the proposed increase in excise duty; so the total loss will be 95 lakhs. I do not quite understand my friend. If you retain the import duty as it is, I think, you must retain the excise duty also as it is. I take it that if you omit the 43 lakhs, you have got to surrender 52 lakhs on the other head as well.

**Mr. R. K. Shanmukham Chetty:** I want to clear up a point which my Honourable friend the last speaker has raised. As I explained at an earlier stage of the Finance Bill, the present position is that kerosene oil pays an import duty of 2 annas 3 pies per gallon and the corresponding excise duty is only 1 anna 6 pies per gallon. Therefore there is a margin of 9 pies per gallon in favour of the home producer. The proposal of the Honourable the Finance Member is to increase the excise and import by 9 pies each. The result of that would be that the import duty will be 3 annas and the excise will be 2 annas 3 pies, still retaining the difference of 9 pies between the excise and the import duty. Whether there is any justification for maintaining this difference, we might consider when we take up the clause relating to increase in the excise duty. What we have to consider on the motion of my Honourable friend Mr. Mitra is this. Are we prepared to increase the price of kerosene oil to the consumer by 9 pies per gallon, because if the import duty is increased by 9 pies per gallon, the price will automatically go up by that figure as it has already done, and I am sure there cannot be any difference of opinion amongst Honourable Members—on this side of

[Mr. R. K. Shanmukham-Chetty.]

the House at any rate—that we cannot be parties to any scheme of taxation which will increase the price of such a necessary article as kerosene oil from the point of view of the poor consumer. The effect of carrying my Honourable friend Mr. Mitra's amendment will be to leave the import duty at 2 annas 3 pies as it is at present and when clause 8 relating to excise duty is taken up we shall then consider whether a case is made out or has been made out for retaining any difference of margin between excise and the import duty. I maintain that even if we agree to the proposal of my Honourable friend the Finance Member to raise the excise duty we will not affect the consumer, because the price of kerosene oil is fixed not on the basis of the cost of production to the home producer, but on the basis of what it cost the American Oil Company to bring the oil to India. I want my Honourable friends to be quite clear in their minds that the only way of protecting the interests of the consumer is to vote for the amendment of Mr. Mitra and I do hope that every non-official Member will vote for it.

**Diwan Bahadur T. Rangachariar:** I would suggest for the convenience of the House that the two questions are interdependent from my point of view. Whether you should retain this difference between the imported oil and the indigenous oil is a matter of vital principle to be considered from several points of view. By taking a partial vote now by declining the proposed increase on the import side, my Honourable friend Mr. Shanmukham Chetty suggests that may be taken up and we can vote definitely. When the question of the excise duty comes up, my friend suggests, from his line of reasoning, that the increase in the excise duty may be accepted, so that his idea is to abolish the distinction that exists between the indigenous oil and the imported oil. There is a great deal to be said in favour of both points of view. On the one hand this difference has existed for over 25 years, for some reason or other. I do not know exactly why this difference has been retained and that is a question which has not been investigated. The question acquires added importance on this occasion, because seeing the discussions last year in this House, at which I was not present, I find that a great deal of feeling was exhibited and the question was gone into as to whether profits were made by the British company which runs an oil concern in Burma and whether they are paying enormous dividends. This private company, which is entirely European, is making this huge profit of 50 to 52 lakhs. Instead of going to the consumer, it goes to the pocket of the company which is not Indian, which has paid for itself 4 or 5 times over in the shape of bonus profits. Various arguments were put forward. I quite recognise the force of those arguments. At the same time this is a very vital matter for us to consider. I know that the cry will be at once raised, "Here is an Assembly which is prepared to take away a benefit which has been enjoyed by an English company for over 25 years". Already as you know, there are cries for safeguards and the cry for safeguards will be accentuated by quoting this instance to the British public and it will be said, "If you transfer the responsibility to India, they are likely to use it against British interests". It may be most unjustifiable, but is this the occasion for giving cause for such an accusation to be made? We have had a very big domestic quarrel in our own party this morning and we are considering this question. Unfortunately we have not been able to come to any

conclusion. Therefore I want to make public what passed in my mind in these matters. I quite recognise that, so far as I can see, there is no justification whatever from the point of view of protection, that this difference should be retained. The only thing that people will say is that the British have acquired a prescriptive right to what is wrong and therefore you are taking away what has been enjoyed by a company. There is one other advantage which I will consider. I want Honourable Members to give careful attention to this aspect of it. The effect of removing this difference will be that the margin of difference which exists between the yellow oil and the white oil, as I will summarily call them, which comes to 8 annas, will disappear, because the Burmah Oil Company, who are the suppliers of the yellow oil to the extent of 96 million gallons, if I remember aright, will at once put up the price and they have already put it up by 6 annas in consequence of these proposals. I do not know what happens in Northern India, but in my part of the country it is the yellow oil that is consumed by the poor man. He does not use the superior oil. It is mostly the yellow oil that is used. Therefore, I am anxious—we are all anxious, and my Honourable friend, Mr. Chetty, also is anxious—that we should do something to benefit the poor consumer. We do want you to make a difference between yellow oil and white oil. By all means keep up the import duty on the white oil, but let the yellow oil be rendered cheaper. How can you render it cheaper? I understand, so far as yellow oil is concerned—I may be wrong; my Honourable friend, the Commerce Member, will correct me—that 96 million gallons are produced in the country and only 4 million are imported from abroad. If that is so, as my Honourable friend, Mr. Chetty, said a few minutes ago, the importation of a small quantity of oil is not likely to affect the prices of commodities, so that the immediate effect of adopting the course suggested by my Honourable friend—I do not know that he has made up his mind today—I want to point out the danger of adopting his advice,—will be that the price of yellow oil will be increased instead. Our object is to decrease the cost to the consumer of yellow oil but that object will be immediately defeated. What it may be when fair competition has established itself we do not know, but you cannot expect all of a sudden 4 million gallons of import to replace 96 millions of indigenous production. It will take time—this stabilization of the course of prices; it will take time to bring in more oil—assuming my Honourable friend can do so, of which I am ignorant—so that more yellow oil can be imported from abroad so as to make yellow oil cheaper by means of fair and free competition between traders in that commodity. The question is not then as easy as one might think in the first instance. There are two aspects of the question which impressed me very much. There is the political aspect, as to whether this is the right time for us to adopt a course which is likely to be the objective of abuse, namely, that the Indian Legislature takes away a 26 years' established right in favour of a British company. The second aspect is the immediate increase in the price of the oil which the poor man consumes. Our object being to reduce the price, we are giving the Burmah Oil Company, who supply the poor consumer, a direct incentive to increase the price at once and hope for a problematical reduction in the price later on, which may or may not take place. Therefore, it is a matter which has to be seriously considered, and I would therefore submit to you, Sir, that perhaps it would be more convenient for a proper appreciation of the situation that the two.

[Diwan Bahadur T. Rangachariar.]

-clauses may be taken together so that the House may come to a deliberate conclusion on both aspects of the question as to whether they are going to allow any increase either way. My own inclination is to vote down the increase under both heads. That will have the advantage of not interfering with the existing state of things, and the present state of things can continue till the matter is investigated. If it is a matter of removing a duty which exists and has existed so long, I should like the matter to be investigated by an expert committee like the Tariff Board. I should like the matter to be initiated by the Government instead of by us on the non-official Benches, who can only speak with imperfect information and knowledge on the subject. Therefore I would urge very strongly that the two things be considered together. The two are interdependent. You cannot catch a vote on this and say, "Very well, we have rejected the increase proposed by the Government on this"; reducing the import duty or rejecting the suggestion made by Government to increase the import duty will only affect, as I have already said, the superior oil. The superior oil will be rendered cheaper because, as I have already stated—I think I am right—the inferior oil is not imported except to the extent of 4 million gallons, whereas the whole consumption of white oil is about 120 million gallons. Therefore 120 million gallons is consumed by the upper classes, also the inferior oil is not imported; therefore, you are not benefiting the poor by rejecting the proposal made by Government to enhance the duty on the white oil; therefore you must consider it in connection with yellow oil. Sir, there are amendments by my Honourable friend, Mr. Thampan, as regards the yellow oil. How far those amendments will be accepted by the House is also a matter for consideration. So all these matters being intertwined, I think the proper course will be to consider them all together. If however, it is considered apart, my own inclination is that it will be very difficult to cast the vote, and I feel it very difficult indeed. My object is to benefit the poor consumer, and by rejecting the Government amendment I will not be benefiting the poor consumer under this head, whereas I may be benefiting the poor consumer under the other head, namely, excise duty, even if the latter is lowered, if the Burmah Oil Company can be compelled to keep down the price.

**Mr. B. Das:** How can you do that?

**Diwan Bahadur T. Rangachariar:** I would suggest how. We have done it in another matter. I have seen how the Honourable the Finance Member proposes to do it over the temporary protection Bill for salt. That was by means of a proviso, enabling the Governor General in Council to increase the excise duty in case the difference between the white oil and the yellow oil is not kept up say to the extent of one rupee at least—it was Re. 1-6-0, as I told you, before 1929 I think, that is, before 1929 the difference in price between yellow and white oil was Rs. 1-6-0. Now the Burmah Oil Company voluntarily entered into a combination with other people, foreigners, forgetting that they are trading in India and they should not have done so, whereby they have laid themselves open to the reproach that they are not serving the interests of India in the way in which they do their business; as Mr. Chetty pointed out, their price is not based upon the cost of production and reasonable profits, but upon some combination which they entered into. The country therefore has an absolute right to resent such conduct; and much of the attitude of my Honourable friends

to my right and to my left is due to this conduct on the part of the Burmah Oil Company in entering into what I may call this most foolish and if I may say so, suicidal arrangement which they entered into. If, Sir, they want to be treated as an indigenous company, if Britishers want to be treated in this country as citizens of this land, when they claim equal rights and no preferential treatment either for or against them, they must consider the interests first of the country in which they trade and not enter into an unholy combination to keep up the price of a necessary stuff in this country. Kerosene oil is a necessity for the poor in this country. Kerosene oil has supplanted the local oils, vegetable oils; it has supplanted the trade in all these things, and it has invaded the remotest homes in the interior. Therefore, it was a most suicidal, a criminal step on the part of the Burmah Oil Company to enter into this combination. Let them restore the difference between white oil and yellow oil. We as one man will come forward to support this difference which exists between white oil and yellow oil, but we are not at all satisfied that they will do it. But our benefit goes into their pockets, swells their dividends to 20 or 30 per cent. and they issue bonus shares; if so, undoubtedly the country must resent such conduct; and much of the feeling is due to the fact that my Honourable friends sitting in the Benches of the European Group are not taking a lesson from this. So, I want to be assured that the benefit will really go to the consumer. If you make a distinction between the yellow oil and the white oil, then by all means I am prepared to vote with Government on this question of the white oil. Let us increase the duty because the poor man is not going to be affected by it. So far as the white oil is concerned, my conscience allows me to vote with the Government because the man who consumes the white oil can afford the small increase. But as regards the yellow oil, I do wish to emphasise that some benefit should be given to the consumer. It is in the hands of Heathcote and Company. It is in their power to give some legal undertaking or some legal provision can be provided by the Government by means of which we can compel them to keep a difference of at least one rupee between the prices of the white oil and the yellow oil. Sir, this is a very important matter and I suggest for the consideration of the House the acceptance of the procedure I have outlined.

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

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

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**Sir Abdur Bahim** (Calcutta and Suburbs: Muhammadan Urban): Sir, we are agreed with the suggestions made by my Honourable friend Mr. Rangachariar that, if possible, the two clauses ought to be taken together and dealt with together. Our general position is that we are opposed to any taxation which will press hard on the poor people of this country. We do not want, as my Honourable friend Mr. Mitra put it, that the necessities of the poor man should be taxed. I also agree with my Honourable friend Mr. Rangachariar that we do not want to discriminate against any English company doing business here, at the same time, we are also at one with

[Sir Abdur Rahim.]

him that we do not like this combine with a foreign company. That is really the general position. But we are not in a position to deal finally with this clause as satisfactorily as we should like to do—that is the clause under consideration—unless we have an opportunity, at the same time to consider both the clauses together. As we are going to make substantial cuts from the proposal of the Honourable the Finance Member as regards taxation of income, we do not want to stand in his way of realising any revenues he can from Customs duties, provided any duty does not fall hard upon the poor people of this country. This is our general position. We should very much like that both the clauses should be taken and considered together.

**Mr. T. N. Ramakrishna Reddi:** Sir, I entirely agree with the proposal of the Leader of the Opposition and also with what has fallen from him in support of that proposition. Sir, it is good that both these proposals should be taken together at one and the same time, that is to say, the amendments on the import duty as well as on the excise duty. The effect of taking up and accepting only one amendment, that is the amendment of the Honourable member Mr. Mitra regarding import duty, would be, that there will be no increment in the import duty. Now, after granting that, if we come to the excise duty, and then if we all support an increase in the excise duty and thus make the import duty and excise duty to be at one and the same level, then one of the indigenous companies will be hard hit. Now they are having a protection of nine pies per unit and they would lose that protection now and then, there might be a rate-war between the indigenous and the foreign companies. This is not the only thing. Formerly the indigenous company, called the Burnah Oil Company, was selling what is called yellow oil at a very cheap rate. There is in the market not only the white oil, but also the yellow oil, which is inferior oil. They have practically got a monopoly of the yellow oil. When there was no excise duty and when there was only the import duty of 2 annas 6 pies per unit, the Burmah Shell Company was selling yellow oil at a rate which was lower by Rs. 1-4-0 per unit to the superior oil and thus the poor people, who generally use the yellow oil, were deriving a lot of benefit and they were having this oil at a cheaper rate. This went on till 1922 or thereabouts. About the year 1922 the Government, for revenue purposes, levied an excise duty of one anna per unit and kept the import duty at 2 annas 6 pies. Thus there was a margin of 1 anna 6 pies of protection for the indigenous company. They were no longer bound to sell this yellow oil at a cheap rate, that is at a difference of Rs. 1-4-0. They immediately raised the price of yellow oil from Rs. 2-14-0 to Rs. 3-6-0 per unit. Thus, what they lost by the excise duty, they were able to recoup by raising the price of this yellow oil. I may at once state that they have got a monopoly of yellow oil in this country and very little of yellow oil is imported even to this day, that is out of 96 millions of gallons of yellow oil which is consumed, very little over 4 million gallons is imported from abroad. Thus the effect of levying an excise duty of one anna was to increase the price of yellow oil and consequently to impose an additional burden on the consumer. Last year, the Government for the purpose of revenue again raised the excise duty from one anna to 1 anna 6 pies and lowered the import duty from 2 annas 6 pies to 2 annas 3 pies, thus bringing down the protection only to 9 pies. That is, the protection formerly afforded to Burmah Shell Company was reduced by nine pies. There

again up went the price of yellow oil to Rs. 3-12-0 per unit. Thus, it will be seen that at series of stages, whenever there was any additional impost of excise duty, the price of yellow oil was going up, and thus the consumer, especially the poorer classes of people were hard hit. Now, that is the reason why both the amendments should be taken together. I am in full sympathy with my Honourable friend Mr. Mitra's amendment not to raise any duty on the import of oil, because whenever there is an excess of import duty, the consumer is the person who suffers. So I am in full sympathy with that. So, also I would like that there should be no additional duty of excise also so that the duties can be kept where they were before. The Government have budgeted to the extent of nearly 92 lakhs of rupees by the rise in both the excise and import duties. If the idea of the Mover of the amendment is not to levy any additional duty on the consumer, then I am at one with him and in favour of both the amendments for not raising any duty at all either for import or for excise. But when the House wants to levy only an increased excise duty and then not touch the import duty, I beg to differ. My reason is, as I pointed out, that there would be a rate war, as it were, between the importer and the local indigenous producer. And then as happens in all wars, this war would also lead to some peace after some time, and after both sides had lost some money, they would come to their senses and would agree to sell kerosene at an equal rate, which would be much higher than the pre-war rate because they would like to recoup their losses in the war by raising the price of the kerosene. And thus ultimately it is the consumer again who suffers. That is the reason why I would require that this difference between the excise and the import duty be kept up. Then, Sir, as I have already pointed out, the effect of equalising both the export and the import duty by not giving any protection to the indigenous company would be that the difference would fall again upon the consumer in the shape of a rise in the price of this yellow oil of which they have got a complete monopoly. It may be argued that if the price of this yellow oil is raised, there will be foreign companies who would like to import yellow oil. Even in world prices there is a great difference between the value of inferior oil and superior oil. I have been informed that it is somewhere about 4 annas per unit. That advantage an indigenous company can always have. Now the difference in price is about 8 annas. They can then increase the price and bring down the difference to six annas and it might not be profitable for a foreign company to import yellow oil, which is inferior oil. There also the consumer is the person to suffer. It has been said that it is not good for the people to use yellow oil because it is not conducive to the health of the people, that it has got a deleterious effect on the eyesight and therefore it would be good for the country if yellow oil were completely eliminated and white oil introduced. As a matter of fact, it is only the poor people who can purchase yellow oil. If yellow oil is completely eliminated, the poor people will have to go in for the superior oil for which they have to pay a higher price. With regard to the deleterious effects on the eyesight, I may at once say that I come from a village and I know the habits of the villagers and the poorer people. I may tell the House that they do not use this oil for more than an hour or two in the night and they do not use it in lamps having chimneys and things of that sort. Thus they can get on with this inferior oil and will save some money out of it and will not be hard-pressed. It is also said that if the difference between yellow oil and white oil is reduced, the companies who are manufacturing yellow oil might convert yellow oil into white oil and thus they

[Mr. T. N. Ramakrishna Reddi.]

can put their prices at a higher level. That is quite possible. If there is an excise duty and if there is foreign competition, the yellow oil can be conveniently converted into white oil and sold at a higher rate. Thus in whatever way you look at it it is the consumer who suffers by this rise in the excise duty and it is in the interest of the consumer, and especially of the poorer classes of persons, to have this difference of 9 pies between the excise duty and import duty.

With regard to the political aspect of equalising the duty in import as well as excise, the Leader of the Opposition has said that it is not the proper time to introduce such a measure. We are in sight of responsible government and Indian Ministers will take up this portfolio in a short time and that will be the time for the Indian Ministry to do it and this is not the opportune time to remove that duty. My object in retaining this duty is in the interest of the poorer classes of consumers because it is the poorer consumer that takes this yellow oil, and the price ought not to be raised. For these reasons I support the proposition of the Leader of the Opposition that both the excise duty and the import duty should be taken into consideration at one and the same time.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Sir, I rise to a point of explanation if you will allow me. I understand that Diwan Bahadur Rangachariar has suggested that both the import and excise duties should be taken together, which has also been corroborated by my Honourable friend to my right. I understand the House is only seized of the question of the import duty. Will you, Sir, kindly explain how the House can be seized of both the questions at the same time, so that we may know exactly where we are and how the suggestions made by both the Leaders of Parties can be carried out?

**Mr. President:** I think the Leader of the House rose to explain that point.

**The Honourable Sir George Rainy:** Mr. President, the Honourable the Mover in his speech moving the amendment laid great stress on the undesirability of taxing necessities. I do not propose to deal with that point myself, for I have no doubt my Honourable colleague the Finance Member will deal with that point when he comes to reply, and in what I have to say I propose to deal with what has fallen from some of the subsequent speakers, and in particular, what fell from my Honourable friend Mr. Chetty and the Honourable the Leader of the Opposition. My Honourable friend Mr. Chetty, both today and on a former occasion, expressed a strong opinion in favour of the equalisation of the customs and the excise duties on kerosene and that is the first proposition I propose to examine. The first point I wish to make is this. What you have before you in the Bill, as it stands, is a proposal for the levy of a temporary surcharge to be in force for one year only. Now, if you proceed by that method, you must accept the structure of the taxes as they stand and alter them only in respect of the amounts. Any radical remodelling of the structure of taxation is inappropriate when the method selected is that of a temporary surcharge. Thus for example, if this particular amendment were to be carried and if the House did not accept, as I think my Honourable friend Mr. Chetty would advise them not to accept, any proposal for the reduction of the excise duty as it stands in the Bill, the effect would be that

for one year indeed the duties would be equalised but with effect from the 1st April, 1932, the difference of 9 annas would reappear. I mention that merely to show that what has been suggested is in fact inconsistent with the method which Government have deliberately adopted of dealing with the problem in the Finance Bill. But my Honourable friend may ask, why did Government select this particular method? Why did they not on this occasion decide, instead of a temporary surcharge, on something more radical and far reaching? I will try to answer that question. I believe—I have not got the exact date in my mind at the moment—that up to last year for a very considerable time there was a difference of one anna and six pies between the excise and customs duties on kerosene, or perhaps it would be more correct to say that, at a time when there was no excise duty, the customs duty was 1 anna 6 pies. There was nothing abnormal in that state of affairs, for with very few exceptions at that time it was true of all the duties in the tariff, and therefore it is not surprising that there was a custom duty with no countervailing excise duty. At the time when an excise duty was imposed on kerosene—and I think I am right in saying that that was after the war—it was soon after the time when the customs duty on cotton piece goods had been increased without a corresponding increase in the excise duty. Therefore it was natural, when the excise duty was imposed, it should be accompanied by a corresponding increase in the customs duty. However that may be, last year Government after fully examining the question felt that there was no sufficient reason for the maintenance of the difference of 1 anna 6 pies a gallon between the two duties, and as a result of last year's Finance Bill, the difference was in fact reduced from 1 anna 6 pies to 9 pies a gallon. I draw attention to this point; the change was made on the initiative of Government, and as a result of their detailed examination of the subject. But what they felt strongly was this, that whatever the origin or whatever the justification of the difference between the rates of duty, it was not a matter which could be handled summarily and arbitrarily, but by stages, so that the interests concerned should have time to readjust themselves to the new conditions. They did not feel that in the current year, after an interval of only one year, it would be right again to take in hand this question and to abolish the remaining half of the difference. For one thing a natural opportunity seemed likely to occur when the equalisation of the rates of duty might come in another way, namely, if and when the separation of Burma was effected, then in the ordinary course and as a natural corollary the kerosene imported from Burma would, unless special provision were made to the contrary, become subject to the customs duty and not to the excise duty. Nothing that I have heard during the course of these discussions has altered my view that the matter at present ought to be left there, and I do not see how Government could accept the proposition that we ought summarily this year to take another forward step and agree to the equalisation of the duties. We have got to remember that it is not only one powerful company that is affected. Other companies are affected, whose financial position is very different, and although they are small in comparison with the Burmah Oil Company, their interests are very far from negligible, and that is another reason why Government did not think that they could proceed this year to the equalisation of the duties.

[Sir George Rainy.]

I should like to turn to what fell from the Honourable the Leader of the Opposition as regards the possibility of a lower duty on what is known as yellow oil. That yellow oil which is produced by the Indian Oil Companies, so far as I know, is of a quality which is not produced for sale anywhere else in the world. It is true that so-called inferior kerosene has in the past been imported from Borneo and other places in the East, but that is rather an inferior white oil and is of superior quality to what in India we call yellow oil. It is quite true that the yellow oil has in the past been the poor man's illuminant. But I believe during the last two or three years there has been a growing tendency to purchase white oil in preference to yellow oil, and I rather think that this change has been pretty substantial because the figures which were given to me were that, whereas two or three years ago the yellow oil might constitute 52 per cent. of the total kerosene consumed, that proportion now-a-days does not amount to much more than 37 per cent. On its merits the suggestion that yellow oil might be subjected to a lower rate of duty is an interesting one and I do not recollect that it has ever been definitely put forward on any previous occasion. One point which might be made is this: it might be argued, does the man who purchases yellow oil in fact effect any real economy? The inferiority in quality may fully counterbalance the difference in price, and he might for example be able to get the same amount of light by using a smaller quantity of white oil, or again, if he preferred he might purchase the same quantity of white oil as of yellow oil and get a better light. That is a point that requires to be taken into consideration.

But before I go further I think perhaps it might be useful if I were to say what I understand my Honourable friend, the Leader of the Opposition, contemplates. As the figures stand in the Bill, the customs duty both on white oil and on yellow oil would be 3 annas and the excise duty both on white oil and on yellow oil would be 2 annas 3 pies. What I understand my Honourable friend contemplates is something like this: that the customs duty on white oil should be 3 annas; the customs duty on yellow oil and the excise duty on white oil should be 2 annas 3 pies, and the excise duty on yellow oil should go back to the old figure of 1 anna

3 P.M. six pies. If that is correct, so far as we have been able to work out the figures, it would appear that supposing the relative consumption of yellow oil and white oil did not change, the loss of revenue might be something like 35 lakhs. But the differentiation of duty is intended to have a certain result—and my Honourable friend made it quite clear that, unless this result followed, he would not support the amendment—namely, that the price of yellow oil is to be reduced to the extent of the reduction in the duty. But if you widen the difference between the prices of yellow and of white oil from eight annas to one rupee, you cannot be sure that there will not be a swing back to yellow oil with an increased consumption of yellow oil and a diminished consumption of white oil. In that case the loss of revenue might come to 45 lakhs or even more. Now, I should be misleading the House if I were to convey the impression that Government could see their way to sacrifice revenue to that extent, even assuming that in principle they were prepared to think that something on the lines suggested by my Honourable friend would be feasible, and what it would come to would be this, that on that basis it would be necessary to raise all the figures—customs and excise duties on white oil

and on yellow oil to the extent necessary to give Government the same amount of revenue as they hope to get from the duties as they stand in the Bill. At this stage of the proceedings that would be a somewhat difficult and complicated business to achieve. But there are further difficulties, and I should like to explain what they are. In the first place, what is suggested is that we should accept the colour and the colour only as the test. No doubt, there would be wide power given to the Governor General in Council to say what the precise difference in colour was to be which would justify the assessment at the lower rate of duty. I think this is a matter which requires rather a close and careful examination. There is one thing that is quite certain, and it is this, that if in the framework of your duties, you leave a loophole through which people can crawl to evade them, they will quite rightly and properly try to discover that loophole and get through it. At present we are only concerned with the yellow oil produced in India, although I believe during the past year there has been a small importation from abroad of yellow oil specially manufactured for the Indian market. But the moment you alter the Custom duties, so that yellow oil could come in at a lower rate of duty, then I have no doubt that people would set themselves to work to manufacture that oil, and we should have to consider that possibility and how it is to be met.

In the second place, have we any guarantee that the colour would in fact be a test of quality? I cannot answer that question for I am not an expert. It is a matter which requires examination, but it might be possible to add extraneous colouring matter thereby bringing in the oil at a lower rate of duty and subsequently to remove the extraneous matter so that the oil could be sold as white oil. That could only be defeated by applying some form of chemical test at the time of importation. That is a matter again which requires examination.

Then my friend, the Leader of the Opposition, made it clear that what he wanted was a definite guarantee that, if the lower rate of duty was imposed, it would be accompanied by a lower price to the consumer. If what is wanted is anything in the nature of a legal guarantee requiring provisions to be made in the law to give effect to them, then I say that is a matter which requires very careful examination, and I for one should not be prepared offhand to put any proposal before this House. It is a very difficult matter. It might require a detailed examination of prices, and until Government were satisfied that the thing could be done and done without undue difficulty and expense, they do not think they would be justified in giving their assent.

What I am prepared to say is this. Between now and the September Session, Government will be ready to examine the matter to see whether these difficulties to which I have referred can be overcome, and to consider whether, taking all the circumstances into account, it would be reasonable to differentiate in this way between white oil and yellow oil. If they reached the conclusion that the difficulties could be overcome, and if they felt that in all the circumstances a good case had been made out, then it would be possible for them to lay proposals before the Legislature. It is also possible, if some of my friends on the other side are right in thinking that our forecasts of the revenue are unduly pessimistic, that by that time we might be able to face some sacrifice of the revenue we at present hope to get and which at present we cannot give up. But for

[Sir George Rainy.]

the present all that Government can do is to make it clear that they do not feel they can surrender any part of the revenue they hope to obtain from this duty and that they do not see their way to accept any scheme at present of equalising the rates of duty between the customs and the excise.

Before I sit down, Sir, I should like to say a word on the question that has been raised as to whether the two matters could be discussed together. I have the honour to be styled the Leader of this House, but I am afraid on these technical questions I have small claim to lead. I am usually content to place myself in the hands of the Chair, in such matters. But I do feel the difficulties, and I do not myself see at the moment how a method could be devised by which the two questions can in fact be considered together. I do not find on the paper any amendment which, taken by itself, would raise directly the double issue about equalisation of duties. I do not see at present how it would be possible to devise a form of procedure by which the House could in one vote reach a conclusion both as to the customs duty and as to the excise duty.

**Mr. L. V. Heathcote** (Nominated Non-Official): Sir, I would deal, if I might, with the closing remarks of the Honourable the Leader of the House. He has mentioned a difficulty which, I think, all of us realise. Possibly that difficulty might be overcome if we were allowed to deal with clause 8 of the Bill before the item in Schedule II. I think there can be very little doubt in this House that there is actually no desire to increase the preference in the duty which is at present imposed on indigenous kerosene oil. If we dealt with clause 8 in the Bill first, and if it was decided by a vote of the House that the increase which is proposed in the excise duty should not be levied, then the House would be forced, unless it was prepared to increase the preference in the duty, to throw out the amendment to Schedule No. II. If, on the other hand, we deal with Schedule II first and decide to throw that out, there may be some difficulty in reconciling ourselves to the attitude to be adopted on clause 8. I do not know whether you would be prepared to give a decision on that point now.

**Mr. President:** I will give a decision only when I find that there is consensus of opinion in favour of that particular procedure.

**Mr. L. V. Heathcote:** May I ask you to take the opinion of the House now?

**Mr. President:** The Chair finds it difficult to do so because most of the speakers on the Opposition Benches have suggested that the two taxes should be considered together. The Honourable Member, Mr. Heathcote, now suggests that, instead of doing that, we should deal with excise first before we deal with the import duty. That is a new suggestion and I am not satisfied that it would be fair to ask the House, to express any opinion about it until one or two Honourable Members have had an opportunity to discuss it.

**Mr. B. K. Shanmukham Chetty:** I take it that you now invite opinions from the various sections of the House regarding the actual procedure that we must adopt. My Honourable friend, Diwan Bahadur Rangachariar, suggested that the question of the import duty . . . . .

**Mr. President:** I should like to point out that I do not wish an elaborate discussion of this issue. Honourable Members on the Opposition Benches, through their Leaders and other Members, have expressed a desire that the two items should be taken together. The Honourable the Leader of the House has pointed out various difficulties in complying with that request. Now, a new suggestion has been made that clause 8 should be taken first before the present clause is discussed, and I should like Honourable Members addressing the House to confine themselves to that issue only.

**Mr. B. K. Shanmukham Oshetty:** I was going to say that it would certainly facilitate discussion in this House if the two issues were discussed together, but when the actual voting takes place, I really cannot see how the two can be taken in one vote. If the suggestion of my Honourable friend, Mr. Heathcote, is that the vote on the excise ought to be taken first, then I very strongly object to that procedure. I can assure my Honourable friend that he cannot catch this House napping in any such manner as that. We on this side have made up our mind that, if at all it lies in our power, we cannot agree to any measure which will increase the price of kerosene to the consumer. To enable us to carry out that object, we must, first of all, see that this proposed increase in import duty is defeated. I therefore submit that we on this side of the House desire, if votes are to be taken separately,—I do not see how else they can be taken—that the vote on the import duty should be taken first, and under no circumstances can we agree to the vote on the excise being taken first.

(Some Honourable Members at this stage rose in their places.)

**Mr. President:** I do not wish to allow any further discussion. This change can only take place if there is a substantial consensus of opinion. I will ask Mr. Heathcote to continue his observations on the motion before the House.

**Mr L. V. Heathcote:** The issue has been to some extent clarified by the decision which has been taken now. The proposal is that the import duty should not be increased to the extent of nine pies. If this proposal is carried, the loss of revenue to Government will be some Rs. 45 lakhs. When we come to discuss clause 8 of the Bill—a similar amendment has been moved to that clause—we shall be faced with the necessity to decide whether we should allow the existing preference to remain, and put the Government to a further loss of revenue to the extent of some Rs. 53 lakhs. I feel from the turn of the debate that we have had this morning, that it is not the intention of the Opposition to make such a large cut in the revenue of the Government as would be brought about by throwing out the proposals altogether for increasing the duties on kerosene oil. The issue, therefore, is, should the preference which remains, be wiped out, or will this House show that it is not entirely satisfied with the reasons which have been given by the Leader of the House for objecting at such comparatively short notice to a rearrangement of the tariff in respect to kerosene oils by distinguishing between one grade and another? The House may feel that the reasons put forward are not fully adequate, and in that case, they may prefer to carry the amendment which is subsequently to be placed before us, if we decide not to carry this present proposal.

[Mr. L. V. Heathcote.]

But, if I might be allowed, I should like to deal with some of the aspects of the case which are involved, or which would be involved by a removal of the preferential duty. In doing so, I realise that my remarks are likely to be regarded to some extent as *ex parte*. Last year, the Leader of the House stated that it had been his experience that no definite statements could be made in regard to the policy of the oil companies in India except by the people in London, and I think that that remark was a fairly true one. I do not expect the House to take my statements, and I do not want to make those statements as indicating matters of policy. I might be able to make a statement in regard to a particular question or a particular result following a certain event, but on general policy it would be impossible for me to do so.

The object of moving this cut is stated to be the desire to reduce the price of kerosene. It is known to this House that the price of the superior grades of kerosene is dependent upon the price of oil in America where the production is so much greater than in any other part of the world that the price in America practically fixes the price in other parts of the world. As the Honourable the Mover, I think, stated, as soon as the Budget speech was announced, the prices of kerosene were raised by the full extent of the increase of duty, and it might be thought that, were the import duty to be reduced by the extent to which it has recently been increased, the prices would go back to their old level. That, I think, would be, perhaps, not an unnatural assumption. But I certainly would not care to say that that would be the result and I feel that unless Members of the House are satisfied that by cutting the revenue of the Government in this manner they are certain to succeed in providing some alleviation in the present difficult circumstances to the consumers of this country, they would prefer to pay attention to other proposals of the Government and to amend those which offer greater certainty that the average individual in this country will benefit. While I certainly cannot say that the prices of kerosene would be reduced in India as a result of an alteration of the import duty alone, that must be the tendency. On the other hand in removing what little preference is left to the indigenous producers, certain other effects might conceivably be brought into being which I think I might possibly be allowed to indicate to this House. Last year the Honourable the Leader of the House made certain statements with regard to the quantity of yellow kerosene oil which the Burmah Oil Company have been supplying to India at considerably below the market rate. The supply of this oil at below the market rate has been done under no obligation. No agreement has been made with the Government that it should be so supplied, but in fact it has been supplied, and I think that the Honourable the Leader of the House made clear last year the benefit which has been given to India as a result of this gratuitous assistance which the Burmah Oil Company have rendered to India. Such an arrangement I can scarcely conceive will continue, should remaining preference given to India be taken away. I cannot say whether it would, but it would seem to be extraordinary that a company which is registered in Glasgow would continue such philanthropic action when they receive no benefit from the country.

As has been said by one of the speakers just now, the ordinary value of inferior kerosene in other parts of the world where it is sold, although

it is not sold yellow in other parts of the world, is 4 annas per 8 gallons below the price of what is called the ordinary superior kerosene in India. Here in India it is sold at an anna a gallon, 8 annas a unit below superior and that is only possible by reason of the supply of this large quantity of oil which the Burmah Oil Company send to India at below the market price, resulting in the average price of the inferior oil which is sold by them and their associates being below the ordinary inferior price, which would be expected to rule on the basis of prices ruling elsewhere. So although the effect of an alteration in the import duty might not be immediate, neither could we be certain that the prices would be reduced immediately if this increase in import duty were not to come into force, and one could equally not be certain that immediately the price of inferior kerosene would be raised. As surely as the tendency of the one would be to reduce the prices of superior oil, so surely will the tendency of the withdrawal of the supply of specially cheap inferior kerosene be to increase the price of that oil. Consequently in my view, the removal of the import duty by itself would not have that benefit which the Honourable the Mover of this amendment thinks it would have.

Continuing with the question of whether it is desirable to remove the remainder of the preference which is given to indigenous oil companies, I would ask the House to consider whether they would be quite consistent in taking a line of this sort with the line which some of them are likely to take shortly, when we come to consider the proposal to impose a duty on foreign salt. As Members of the House are aware, there is very severe competition among foreign suppliers of salt to Bengal. The result has been that there has been a very serious drop in prices to the undoubted benefit of the consumer in Bengal. Past history, however, has shown that there has been a tendency from time to time for the foreign suppliers of salt to get together and make a ring and to raise the price of salt in Bengal to what might possibly be called a profiteering level. The prospect of this happening again is thought to be so certain that the proposal we shall have to consider shortly is that the definite advantage which Bengal is securing from this severe competition should be removed. Bengal should not be allowed to buy its salt so cheaply and by encouraging the local industry efforts should be made to prevent these rings being made or arising in future. Here we have exactly the opposite line. It is hoped that if the preference which is at present given to indigenous oil companies is removed, India will be opened to severe competition from all parts of the world. The attitude therefore would seem to be that we are prepared to injure or at least remove the advantage which lies with the indigenous companies by reason of the preferential duty, in order to open India to severe competition and lower prices which might conceivably prevail from abroad. No fear is expressed in this connection that those foreign suppliers might come together and raise prices in India to an undue extent, although it can be regarded as certain that when the companies in India are not treated favourably, they are not likely to withstand high prices. That seems to be an inconsistency which I do not believe this House will adopt, if the matter is fully understood. And it is not only a matter of prices. It is also a matter of maintenance of supplies and as many Members of the House know, I think they must know, that during the war the Burmah Oil Company maintained its supplies to India at the level at which it had been accustomed to supply India. Whereas certain foreign

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companies withdrew their supplies, presumably to sell them in markets where better prices were available. If preference were withdrawn from the Burmah Oil Company, is it reasonable for this House to expect that they will maintain their supplies to India, should such a difficult situation arise again and they found prices in other parts of the world very much more favourable than could be offered by India? That is another aspect which deserves attention.

While a preferential duty exists for indigenous oil, it is not difficult to understand that it pays to develop sources of oil which would not be paying concerns had there been no expectation of obtaining a preference. I can give no accurate figures, but even if I could, I suppose they would not be fully appreciated in all their aspects by Members of the House; but I do know that immense sums of money have been spent by the Burmah Oil Company in developing their properties in India. Many of these schemes would not have been regarded as suitable schemes in which to invest money unless there was some secure feeling in the mind of the Company that they would continue to receive the benefit of a preferential duty. The tendency of withdrawing the preferential duty must therefore be to encourage the Burmah Oil Company to look to other countries of the world for the investment of their money. Development in India must mean the expenditure of large sums in the country.

There is another aspect of the matter. Oil companies are generally considered to be monopolists. The removal of the preferential duty will, as the Honourable the Leader of the House has pointed out, hit the smaller companies very much more severely than it would hit the bigger companies. The smaller companies are already finding it difficult to make both ends meet as a result of the halving of the preference which took place last year. The result of weakening them further must be to drive them into the hands of the Burmah Oil Company, thus strengthening the position of that Company and enabling it to secure supplies of oil which, with its capital alone, can be properly developed. These are all tendencies; they cannot be regarded as anything else; but I think the serious nature of these tendencies, and the certainty that the tendencies will exist, should be fully realized by Members of this House.

The Honourable the Leader of the House has stated that it would be very difficult for the Government to accept the proposals, which have been made, to differentiate in the matter of duty between the yellow and the white kerosene. That is an expression of opinion which must remain, I think, an expression of opinion; but certain remarks were made as to the possibility of a loophole being offered through which it would be natural for the oil companies concerned to try and crawl were it open to them; and I think it can be said that, as a permanent proposal, differentiation in colour alone would not be a satisfactory method of distinguishing between the two qualities of kerosene. As has been pointed out, the proposals of the Finance Member are, we hope, temporary, and as long as they are temporary, it may be taken that it will not be worth while for any oil company to go to the expense of providing itself with a semi-refining plant at each of the several ports in India at which kerosene is imported for the sake of the purely temporary benefit that it might derive from its imports during 12 months. Plant would be very expensive and would take a very considerable time to purchase and erect.

Thus as far as the principle of removing the preferential duty is concerned, I am definitely opposed to the present amendment; but if Honourable Members find it difficult to arrive at a conclusion as to the line that they should take on this amendment in the absence of any certainty of what might happen were the opportunity given to them of voting on a subsequent amendment in regard to differentiating between yellow and white kerosene, I can say that were this second amendment carried, so that the duty on inferior kerosene—whether it be an excise duty or customs duty—is lower than the duty on superior kerosene, whether it is an excise or an import duty, to the extent that a differentiation is made in the duty, I can assure Honourable Members of this House that that differentiation will be reflected in full in the price at which the oil companies will sell their yellow oil.

**Diwan Bahadur T. Rangachariar:** How does the Honourable Member propose to give to the consumer the benefit of that?

**Mr. L. V. Heathcote:** By reducing the price of inferior oil.

**Diwan Bahadur T. Rangachariar:** Has he got an assurance from the London office to that effect?

**Mr. L. V. Heathcote:** I have the assurance of my London office.

**Diwan Bahadur T. Rangachariar:** Will the Honourable Member repeat it?

**Mr. L. V. Heathcote:** The assurance is that if the import and excise duties on inferior kerosene remained at their old level while the import and excise duties on superior kerosene were put at a higher level, maintaining the existing preferential duty, the difference in the level of duty on inferior and superior kerosene will be immediately reflected in the prices of these oils.

**Mr. R. K. Shanmukham Chetty:** Will the Honourable Member explain how it is from the point of view of the consumer better than the present position,—how it is from the point of view of the consumer a more advantageous position than it is now?

**Mr. L. V. Heathcote:** Yellow oil will be cheaper.

**Mr. R. K. Shanmukham Chetty:** That is no concession. We want it still further cheapened. My Honourable friend says that if we give a bigger margin, instead of putting it into his pocket, he will give it to the consumer?

**Mr. L. V. Heathcote:** That is exactly what we say.

**Mr. R. K. Shanmukham Chetty:** Thank you.

**Mr. L. V. Heathcote:** With that assurance in the matter of price, Members may prefer, and I hope they will, to vote against this amendment and wait until the later amendment in regard to yellow kerosene comes forward.

**Mr. Arthur Moore** (Bengal: European): On a point of explanation, Sir. May I ask whether at the end of this discussion we shall be asked to vote first on clause 3 and then on clause 8, or whether there will be a further discussion and the vote on clause 8 will be taken only when it is reached in the ordinary course after clauses 4, 5, 6 and 7 have been disposed of?

**Mr. President:** It will be taken in its ordinary course. There are several amendments after this amendment is disposed of proposing to amend Schedule II. They will all be taken up after the disposal of this amendment.

**Mr. B. Das:** Sir, in 1929 when my Honourable friend, Sir George Schuster, was new to this House, he found that there was a revolt from the back Benchers against the front Benchers and he was surprised to find then that in the matter of the appointment of the Banking Inquiry Committee the back Benchers revolted against the front Benchers. Sir, if today some of us, the back Benchers, appear to revolt against these leaders on the front Benches, it is not because we have not got our due respect for them, but it is because some of us who are business men sincerely differ from them in this matter. We do not want to be diplomats and to hope for things that will happen in the immediate future in London at the Round Table Conference. Sir, I was surprised to hear the speech of the Honourable the Leader of the House. He sang quite a different tune this year to what he did last year. Last year he spoke with firmness about the position of the oil and the oil industry. But this year probably he got a little inspiration from the front Benches on this side and spoke in quite a different tune. He wanted to examine the position over which he was so cocksure last year. Sir, this is not a new stunt on our part to start this agitation about the equalisation of the duties on kerosene oil. We were encouraged to do so by the Honourable the Finance Member last year. In his Budget speech, which I quoted before and which I am going to quote again from memory, my Honourable friend said that he could not go to the extent of equalising the excise duty with the import duty. He went half way and thereby we felt encouraged. The Honourable the Finance Member could have gone the whole way this year.

Sir, the Leader of the House enunciated a principle, a very dangerous principle, that I do not think this House can concede either to him or to the Honourable the Finance Member. He said that this House has no privilege to remodel the structure of taxation. He said that if this House reduces the import duty by 9 pies and maintains it at the present level of 2 annas and 3 pies, and if this House votes against the proposal of the Honourable the Finance Member about excise duty and raises the excise duty to 2 annas and 3 pies, Government would not be a party to it. Sir, I understood from the discussion of last year, that Government had no intention of looking at the kerosene problem as a problem of protective duty. It was a pure revenue duty and I will show from the speeches of the Honourable Sir George Rainy that in his mind he was quite clear that the oil industry in India needed more protection. But today I was surprised to hear the Leader of the House to say that he would not countenance the remodelling of the structure of taxation even if it was the wish of the House.

Sir, much has been said by my friends on this side of the House to the effect that indigenous industries should be protected. I do not think even the Treasury Benches have ever thought that the Burmah Oil Company is an indigenous company. It has a sterling capital, it does not pay income-tax to the coffers of my Honourable friend, Sir George Schuster. I should like to know how it is indigenous? Does it pay income-tax?

**The Honourable Sir George Schuster:** Certainly it pays income-tax on its Indian profits.

**Mr. B. Das:** Is not the Company registered in London? Has the Honourable the Finance Member any machinery by which he can get his income-tax in London?

**The Honourable Sir George Schuster:** If my Honourable friend will give me time, I will look up the figures and give him privately some information on the point.

**Mr. B. Das:** It has been the policy of the Treasury Benches that, whenever an indigenous industry needs protection, it is referred to the Tariff Board. The Tariff Board submit the report which is usually shelved. I will just mention one instance, namely, the chemical industries. No action has been taken on that Report. Even in the case of the match industry, no action was taken. The Reports of the Tariff Board on the chemical industries and on the protection of pig-iron have never been published so far. But Government was in an indecent haste last year to publish the Report of the Tariff Board on the protection of kerosene oil. Afterwards, of course, they found that there was no substance in the demand for the protection of oil industries. My Honourable friend, Mr. Arthur Moore, gave the whole case away when he spoke on this subject last year. He said that protection was not in vogue before 1922 and such industries which were controlled from London had no opportunities to demand protection, whether it was needed or not. My friend, Sir Purshotamdas Thakurdas, quoted on the floor of the House a statement which was made on the floor of this House in 1922 by Sir Frank Carter, which gives the honest opinion of the European business interests about the Burmah oil industry. I need no apology for quoting that statement again. It runs thus:

"The import duty on foreign oil used to be 1½ annas per imperial gallon. It is now raised to 2½ annas per gallon. Government have also imposed an excise duty of 1 anna per gallon on kerosene oil produced in India. I do not myself see why this excise duty should not be the same as the import duty on foreign oil, namely, 2½ annas per gallon. Most of the oil produced in India comes from Burma and we all know that oil companies are some of the largest and richest companies in the world. Is there any reason why the oil companies of Burma should be let off so cheaply? It is not as if all the profits they make are spent in India."

I have never had the pleasure of meeting Sir Frank Carter, but I am in full sympathy with the ideas he expressed. Of all the profits that my friend, Mr. Heathcote, and his friends derive, a microscopic portion only is spent in India.

Sir, last year when my Honourable friend, Sir George Rainy, replied, he almost expressed the sentiments and the spirit of Sir Frank Carter's statement. He said there was one small oil company, the Victoria Oil

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Company, that needed a little protection. Of course last year the question was once for all shelved and it was decided that the oil industry in India needed no protection. Sir, we are interested in Indian business, and the development of Indian trade and commerce and we found to our gratification that that question was permanently shelved. At the time, we thought, the Honourable the Finance Member, if he is in future faced with the problem of raising further taxation, would equalise the excise duty and import duty on kerosene oil. When he is faced with the same problem this year, he should take his courage in both hands and equalise it. I have every sympathy with what fell from my Honourable friend, the Leader of the Opposition, and from my Honourable friend, Mr. Reddy, about safeguarding the interests of the consumers, but I think they have somehow raised their hopes on the assurances of business men. I am a business man and in the past you, Sir, had been a business man. We business men have our own morality, and own business standards. Any assurance given by a business man to politicians on the floor of the House can in no way be binding on his business.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): The Chair is not a business man; and the Chair has got no morality.

**Mr. B. Das:** In the old day, the Chair was in business.

**Maulvi Muhammad Yakub:** No, the Chair was never in business.

**Mr. B. Das:** We, business men, are business men first and politicians after. I do not think we, business men, can take seriously any offer made to politicians by a business man—politician; that is why we cannot rely on the words spoken by politicians here in this House or outside in the lobby as to assurances from business men, or on what has fallen from my Honourable friend, Mr. Heathcote, namely, that his London office will reduce the price of yellow oil and give the benefit to the consumer. He cannot guarantee such reduction nor commit his firm to future reductions. Such commitments are not binding on the firm. I say that if we business men believe so quickly assurances as political leaders do, I am sorry for us. I know that we business men are hard-headed men, and we will squeeze out every penny out of the consumers and out of trade and commerce (Hear, hear).

**Sir Cowasji Jehangir:** Why libel the business man?

**Mr. B. Das:** I hope my Honourable friend will pardon me; he represents a very big business house. I do not libel business men. I was saying that business men were business men first and politicians after. They do not speak kind words first and then back out of them. If any business man does that on the floor of the House, I say that that man is using the politician's subterfuge. I would ask Honourable Members of this House, especially new Members, to read every word that my Honourable friend, Sir George Rainy, spoke last year on the floor of the House. My Honourable friend, Mr. Heathcote, says that if there is a high difference in the level of price between yellow oil and white oil, he will try to return it to the consumer. My Honourable friend, Mr. Chetty, interjected rightly and brought out the fact that if we can give the Burma oil a big

margin, then only my friend, Mr. Heathcote, can see his way to reduce the price of yellow oil. I cannot understand how my Honourable friends, Mr. Rangachariar and Mr. Reddy, believe that this present difference in the excise duty and the import duty on yellow oil comes back to the consumer. I am surprised. It will never come back to the consumer. It has never gone to the consumer. It has only gone to swell the huge profits that my Honourable friend, Mr. Heathcote, derived last year. My Honourable friend, Sir George Rainy, said last year that they paid 30 per cent. profit not only on the share capital subscribed, but also on the bonuses. My Honourable friend, Sir Cowasji Jehangir, interjected last year on that very question. For every pound share, they were given a £3 share as bonus and in addition the shareholders derived 30 per cent. dividend. That means on the original capital they derived 120 per cent. profit. My Honourable friend talked about the question of protection to indigenous industries. Here is a book in my hand called, "the External Capital Committee's Report" and this Committee was appointed by Sir Basil Blackett. He put his signature to it. Mr. Currie, Mr. T. C. Goswami, Mr. C. A. Innes, Sir P. S. Sivaswami Aiyer, Pandit Madan Mohan Malaviya, Mr. G. A. Natesan and others also put their signature to that Report. The Government never even touched this book with a pair of tongs. Why, the reason was that they never wanted that indigenous industries should thrive. That Committee insisted that those who claimed to be indigenous industries, those companies should be registered in India, should be in rupee capital, that 75 per cent. of the shareholders should be Indians, and that they should have Indian Directors on their Board. That is why I questioned my Honourable friend, the Finance Member, whether he derived any income-tax from the sterling companies that are registered in London. The above Report also insisted that these companies should give technical training to Indians who are willing to join those companies. Sir, this External Capital Committee's Report was a very welcome report and this was produced after great deliberations by that Committee, which enquired into the whole affair after the question-cropped up after the steel protection. The Tariff Board also made some recommendations about external capital but the Government never bothered their head, about that Report, because that would touch the pocket of their own countrymen, both Scottish and English, who are trading in this country. I use the word Scottish because the Leader of the House always reminds us that he is a Scotchman. As my Honourable friend, Sir George Rainy, is here, I would like to quote one or two sentences from his very able and very remarkable speech which he made last year in the matter of kerosene oil. At page 2142, of the Assembly Debates this is what he says :

"Now, Sir, I find great difficulty in understanding what the exact force of this argument is supposed to be, that because during the war period, the oil companies were reasonable and did not attempt to profiteer as regards the oil used by the poorest classes of consumers, therefore they are to continue to enjoy indefinitely the benefit of the difference between the import and excise duties."

Sir, what my Honourable friend was saying was that the poorer consumers never got the benefit of the difference between the import duty and the excise duty. My Honourable friend must have examined the evidence before the Tariff Board and he must have had a talk with Sir P. Ginwala and his colleagues. In one place he mentioned :

"I have never found anyone in India who could give me a perfectly clear explanation of how the policy of the kerosene pool was determined."

[Mr. B. Das.]

My Honourable friend went on discussing the prices and today he says, "Give me some little time, let it be investigated and Government may be able to find a way about equalising the excise duty and the import duty".

**Diwan Bahadur T. Rangachariar:** About yellow oil?

**Mr. B. Das:** Yes, I am coming to yellow oil. In referring to the yellow oil, Sir George Rainy mentioned that he did not understand the manner in which it was applied since May, 1928, because it was a policy of maximum price. This is what he said on the last occasion:

"But if that is what we are asked to believe I do not understand what the maximum price policy of the pool, as it is called, means, and I do not understand the manner in which it has been applied since May, 1928, because if the maximum price policy is intended to benefit the poorest classes of consumers, then it is difficult to see why the companies made a concession amounting to over four annas a unit to the consumers of white oil, who are not the poorest classes of consumers, and have narrowed down the difference between the price of yellow oil and of white oil to only eight annas a unit."

Sir, it was Rs. 1-6-0 before. We are discussing here all these theories and my Honourable friend, Mr. Heathcote, says that his Directorate in London, in one genial moment, might declare in anticipation of future settlement of the Indian constitution some day, that they would give the poor man the benefit of the difference between the import and the excise duties, but this is a thing which business men will never do nor any business man will believe.

I do not want to take up any more time of the House, but I wholeheartedly support the amendment moved by Mr. Mitra. When  
4 P.M. the time comes for the excise duty on kerosene to be raised to the level of two annas and three pies, I will wholeheartedly support it. Thereby the Finance Member's pockets will not be touched and he will get the money that he needs this year.

I will now reply to one point about the ring policy which my Honourable friend, Mr. Heathcote, referred to in connection with salt, a rate war among the importers who are surely his countrymen. The price of salt has gone down in Bengal, but I will ask him why it has gone up in Burma. It is selling in Bengal at Rs. 95 per 100 maunds but in Burma it is selling at much more than Rs. 100 per 100 maunds. These gentlemen have joined the ring to bring down the price of salt to kill the Indian salt industry and from Burma they are making up the losses which they incurred in Bengal. We know rate wars, every business man understands it, but we do not want that it should be pointed out to us. It does not convince us in any way.

With these words, I support the amendment.

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muhammadan Urban): Mr. President, I am not a business man; I do not know how far I can claim to be a politician either; and certainly if the implications of a politician are such as Mr. Das described, or if the implications of a business man are such as Mr. Das implied, I should hesitate to call myself either the one or the other. I want to look at this question purely from the point of view of the consumer and in the long speech that Mr. Das delivered, I did not hear much reference to the consumer. Sir, the

consumer will be to a certain extent hit if the price of kerosene goes up. Now, there are two duties that have been proposed by the Finance Member, an excise duty on indigenous oil and an import duty on imported oil. What will be the position of the consumer if the excise duty alone remains at the level at which the Finance Member purposes it and the import duty is reduced? Is the consumer going to be benefited, or is he not going to be benefited? That is the sole consideration that I have before me; and if the consumer is to be benefited, should I necessarily come to the conclusion that both the excise duty and the import duty should go? These are, I venture to submit, the only considerations that ought to actuate the House in considering the question at the present stage. In considering the Finance Bill and in considering the consumer's point of view I do not think it is relevant for us to consider whether the Burmah Oil Company is preferentially treated for the time being or whether the import duty and the excise duty should be equalised. Now, Sir, my friend has suggested that the import duty alone should be removed—the higher duty I am talking of—and that the excise duty should remain as proposed by the Finance Member. What is the guarantee that the prices of kerosene will fall down? We know that directly the excise duty and the import duty were raised, the price of kerosene went up on the 1st March almost automatically as soon as the Finance Member introduced his Bill. If the import duty alone is removed, will the price go down? I should like to have some assurance from those Honourable Members who are pressing for the removal of the import duty alone. I am told that last year when the import duty and the export duty were raised, the price of kerosene oil did fall down.

**Mr. R. K. Shanmukham Chetty:** That is because the import duty was reduced last year and not increased.

**Diwan Bahadur A. Ramaswami Mudaliar:** That is just the point that I am making. Last year I understand the import duty was reduced but the excise duty was kept at the proposal made by the Finance Member and the price did go down. But it seems to me that it is rather dangerous to assume that the same process will be repeated this year also. There may be a limit beyond which the prices may not be reduced,—the limit of profiteering perhaps—but I want my Honourable friends to realise this. I know as an ordinary consumer that oil companies work on a joint basis with the foreign oil companies. The Standard Oil Company and the Burmah Oil Company are the big oil companies in India, the two companies which are carrying on their business in the Madras Presidency at any rate. They work on a fairly common understanding in these matters and my friend, Mr. Chetty, referred to that fact.

**Mr. R. K. Shanmukham Chetty:** Mr. Heathcote did not confirm it.

**Diwan Bahadur A. Ramaswami Mudaliar:** I confirm it as a consumer. Mr. Heathcote for purposes of his own may not be prepared to confirm it. They want to keep up the artificial atmosphere of war between them, but we know that both these companies work on a common basis and they have common understandings, so far as the rates are concerned. They may try to compete with each other to push up their sales. They may worry their agents to have more white oil business in one quarter as compared with another company's white oil, or to have less. That is

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not the sort of competition I am referring to. But so far as the prices are concerned, we know that they are maintained at a common level and that there is no competition between the Burmah Oil Company and the Standard Oil Company. Therefore, Sir, the point follows that if the import duty is alone removed, it merely means an excess of profit to those companies which import their oil into this country. Is that what my friends want, the consumer not being benefited and the additional duty profit being put into the pockets of the companies? Now, Sir, I have not made up my mind on this question at all, but I should like to ask my Honourable friends how they are able to establish that the lowering of the import duty is in any way going to benefit the consumer. We have to look at it from the point of view of the consumer. I agree that it may benefit those agents who are the agents of the importing companies. But beyond that . . . . .

**Sir Cowasji Jehangir:** Who are they?

**Diwan Bahadur A. Ramaswami Mudaliar:** A great deal of reference was made to them on the last occasion when this matter was discussed in this House. I do not want to go into that. It may be that the agents may find it more facile to push their sales on account of that. But if from that the inference is to be drawn that by lowering the import duty alone, the consumer is going to be benefited, I venture to suggest very respectfully that, with the information I have before me, I am not satisfied that that course will follow.

**Mr. B. Das:** The price will fall by four annas per tin.

**Diwan Bahadur A. Ramaswami Mudaliar:** That is exactly what I am contesting. How does the Honourable Member say practically as a matter of axiom 13 of Geometry that prices will fall down merely because the import duty is reduced and the excise duty kept where it is? I have suggested that these companies have an understanding with reference to the rates that prevail with regard to the oil, and I say therefore that, with that understanding there will be no reduction at all but the prices will be kept up and the additional profit will go into the importing companies' pockets.

**Mr. R. K. Shanmukham Chetty:** Therefore the consumer will be at the mercy of these companies whatever you may do.

**Diwan Bahadur A. Ramaswami Mudaliar:** No, Sir, the consumer is not at the mercy of the companies whatever we may do. If the excise duty and the import duty are both reduced,—and that is what I was going to ask my Honourable friends whether they are prepared to do in the interest of the consumer, and we are thinking only of the consumer—if the increase in the excise duty and the increase in the import duty are both reduced, then I venture to think that no company would keep up the level of prices to what they are today. They are bound to take their prices back to what they were before the 28th February when the Finance Member made his Budget speech.

**Mr. R. K. Shanmukham Chetty:** That difference is there already.

**Diwan Bahadur A. Ramaswami Mudaliar:** I do not know whether I can make myself very much plainer than I have tried to make myself on this occasion. If the import duty alone is reduced and the excise duty is kept up, the understanding between the companies will still continue and the present level of prices, which has come up after the 28th February, will not in any way be altered. But if on the other hand the excise duty on the one hand and the import duty on the other are both reduced, then I venture to think that no company will keep up the present level of prices, but the level of prices will drop down to the February rate.

With reference to yellow oil, a suggestion has been made and it seems to me at the present moment that it is a suggestion which is worth being pursued, that if the import and excise duties are reduced, it may possibly help the consumer. We know that in most villages yellow oil is the thing that is consumed. We know that white oil is generally consumed only in cities, and though I agree that to a certain extent the consumption of white oil has spread among classes who were accustomed to consume yellow oil before, we know at the same time that the poorest men generally consume the yellow coloured oil. It seems to me that they are the people who are primarily to be protected and any increase in the excise or import duties will hit hard the poor consumer. If a differentiation can therefore be made between yellow oil and white oil, and if the duties on yellow oil are reduced as far as possible, then I venture to think that the rural consumer will be benefited to that extent at least. As I said, that is a suggestion which is worth pursuing. I realise the difficulties which the Honourable the Leader of the House has pointed out with reference to these matters, and I believe the whole amendment turns upon the possibility of the Government being able to classify certain oils as yellow oils and the duty thereupon coming into force with reference to non-yellow oils, if I may so describe them. Therefore, I should like to ask my friends who are now keen on reducing the import duty two questions: I personally am not prepared to interfere at the present stage with the morality or the immorality of a difference existing between the excise duty and the import duty. I do not think that is a financial question and I do not think it is a question which affects the consumer one way or the other. As I have tried to show, it might be a political question. If it is a political question, then all argument is against such a political question being tackled at the present time. I was not here when my Honourable friend, the Leader of the Opposition, referred to that aspect of affairs. I do not know what exactly he said, but I venture to think that this is neither the proper occasion nor the suitable opportunity when that question should be tackled.

My Honourable friend, the Leader of the House, referred to the possibility of the separation of Burma when this excise duty will automatically become an import duty. I do not know whether Burma will be separated. I hope very much, after the discussion which we had on the last occasion, that the question will further be considered. But even assuming for the moment that Burma will be separated, my Honourable friend will realise that there are exceptional covenants that will have to be entered into between India and Burma; that Burma cannot be treated as any other outside territory for purposes of Customs walls and that we shall have to enter into special negotiations, special contracts and

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special understandings with our Burmese friends, so that import and export to and from Burma and India may be regulated by other methods than those which will prevail as between India and any foreign country. I venture to think that Burma will not be a foreign country for that purpose, and the understanding that will have to be established between Indian delegates and Burmese delegates on this question will preclude such a possibility altogether. I venture to think that this question should be considered purely on its merits at the present time, and we should not import considerations as to whether it is moral to give the benefit of an import duty higher than excise duty to the indigenous oil companies and that any reference to the External Capital Committee and all that is really irrelevant on the present occasion.

I would therefore like to ask my Honourable friends, as I said, two questions: can you give me any assurance whatsoever that merely cutting the difference of the proposed increased import duty will benefit the consumer and bring down the prices? That is the first question I should like to ask. If the answer is not satisfactory, if you can give me no assurance whatsoever on that point, if you want me merely to speculate as to the possible results of the import duty being reduced, then I ask you this further question: are you prepared, to the advantage of the consumer to join me in voting down both the import duty and the excise duty? I personally am prepared to go into the lobby to vote down both; but I do not want to be trapped into voting only for the reduction of the import duty and not for the reduction of the excise duty.

And that brings me to this position. There has been a great deal of talk about the procedure that may be adopted with reference to these questions. The importance of it lies in this fact. Taking the import duty first and taking the export duty afterwards means that the question of reduction of the difference between the two duties will arise in that way and will not arise in any other way. The two questions cannot be discussed together, but I venture to think that if a formal motion is made by a Member of this House and it is accepted, that the excise duty, clause 8, can be discussed first and can be voted upon first and then the import duty, it might be done; or it might be done in another way by a formal motion—I mean on this question of procedure. But I am speaking purely from the personal point of view and giving my own views. I should like to have information as to whether the reduction of the import duty will mean a reduction of prices to the consumer, and if it does not mean that, whether my friends will vote with me on both the amendments.

**Mr. Arthur Moore:** Sir, I listened with great pleasure to the speech of my friend, Diwan Bahadur Mudaliar, because I think he has imported a considerable measure of reality into the debate. Mr. Chetty used the word "trap" in connection with the proposal Mr. Heathcote put forward, and I think we have just heard the proper reply which shows that the trap was not set by Mr. Heathcote. I notice that Mr. Heathcote's proposal has been repeated in precisely the same terms by Diwan Bahadur Mudaliar.

I am afraid that our friends from Burma must be suffering considerable disillusionment. They have already had in this Session two field days, when the Opposition were apparently ranged up in their support.

But fine words butter no parsnips, and today when it comes to the question of Burma's great national industry,—to use the same phrase as I have often heard in connexion with Indian national industries from my friend, Mr. Chetty—when it comes to what Mr. Jehangir Munshi would certainly tell you is Burma's national industry, what support is forthcoming? We find that this House has suddenly abandoned entirely the doctrines of the Fiscal Commission, has forgotten the theory of discriminating protection and has become whole-heartedly free-trade. I find, Sir Frank Carter quoted with entire approval this year, as he was last year. I say now, as I said then, that Sir Frank Carter was speaking in 1921; he was speaking as a life long free-trader in a free-trade country. That country disappeared soon after that speech, and India became a country of discriminating protection.

I seem to remember something that happened the following year—1922. Sir Malcolm Hailey was Finance Member, and he had even a worse condition of things to face than our present Finance Member. Looking round for sources of revenue, he turned to the cotton duties. Let us remember what the position of cotton was in 1922. The Government had never for one moment admitted that the cotton industry required protection. There had been no Tariff Board inquiry, and it was not for another five years that the cotton industry got so far as to go to the Tariff Board and say "We would like an inquiry". Yet in 1922, Sir Malcolm Hailey brought in an increase of cotton duties. Did our friends of the Opposition get up and say, "What about the cotton excise? Why do you not increase it also?" There was no word about it. Let them be consistent. What was good in the case of cotton because it was an indigenous industry, ought to be good in the case of oil because it is an indigenous industry, unless you are prepared to say that you are entirely indifferent to the province of Burma . . . . .

**Mr. B. Das:** You register the company in India and Burma first.

**Mr. Arthur Moore:** My friend is entirely labouring under a delusion. That is shown by his idea that the Burmah Oil Company pay no income-tax. The oil industry is not a perquisite of the shareholders of the Burmah Oil Company. The oil industry is a great industry of Burma. I am afraid my friend is so accustomed to talking in terms of one company when he talks about steel, that he thinks this applies also to oil. But there is a very considerable difference, and I do think the House ought to realise that they are dealing with a national industry of Burma and that the question has a tremendous repercussion in that direction. Certainly I think it would be most unfortunate if we were to agree to refuse the Honourable the Finance Member the revenue which he requires from increased imports, and then to turn round and say, "Oh, we will give you the increases in excise, because we are prepared, by a side-wind as it were, to blow away the only single advantage that any one has ever been able to show that the province of Burma gets from its association with this country".

**Mr. Jamal Muhammad Saib (Madras: Indian Commerce):** Sir, I must at once assure the House that I am not interested in the kerosene oil industry. I am only interested in it as a consumer. So far as I could understand the position, a large majority of the Members of this House

[Mr. Jamal Muhammad Saib.]

do not want to increase the cost of the oil to the consumer, and I think even Members on this side are with us in that matter. At the same time, I would assure my Honourable friends on the Treasury Benches that we do not oppose this duty just to cut down the Government revenues. It is well known to all of us here that America produces the largest amount of kerosene oil in the world. That being the case, America will be the controlling factor in fixing the price of the oil in this country. If that is so, on the level of the import duty will depend the price at which America will be able to sell her oil in India. I do not think prices in India will go up even if there is any change in the excise duty, provided we do not disturb the import duty level. That being the case, if our idea is merely to keep down the prices, I think we should rather concentrate our attention more on that aspect of the question than on others.

Sir, my Honourable friend here said that if the present difference between the import duty and the excise duty is kept up, their company or interests will be pleased to supply the yellow oil at the low prices ruling now and perhaps they might even bring them down a little more. I would like to point out here that unless they can make good profits in the other articles, it would not be possible to translate their desire into action. I do not think it is a question of philanthropy; it is rather a question of getting a benefit with one hand and giving a smaller one with the other. He even threatened that, if the preference is not retained, there is a likelihood of the price of the yellow oil being forced up. I think, Sir, it amounts to this, that if the difference between the import duty and the excise duty is not kept up, it will mean the lowering of the price of the white oil. Then the white oil products of the Burmah Oil Company may not be sold at a good profit—it may not give the company a good margin of profit,—and in that case they will not be inclined to lower the prices of the yellow oil. I should think that they are not going to utilise all the profits more than is desirable for the benefit of the consumers of the yellow oil.

Then, Sir, the last speaker said that this is a great industry of Burma, but I should think the best test whether an industry is an important industry of a country or not is to see whether the money remains in the country or goes out of the country. From that test, I do not think we can agree that it is a Burman industry, otherwise we should only be too glad to encourage our brethren in Burma to develop their oil industry, even though the cost to our consumers might be a little higher.

Then, Sir, a suggestion was thrown out that the duty should be equalised. We are not concerned very much with it now. There may be a nominal difference between the excise and import duties, but as far as I could understand the position from the discussion, it appeared to me that some Honourable Members are against the increases, both in the import as well as the excise duties and some against one of them. That being the case, I think it would much facilitate matters for Honourable Members to come to a proper decision if the two questions are kept separate and if the question of import duty be discussed first and voted upon and then the question of the excise duty.

**Mr. President:** Order, order. There are still so many Members desirous of addressing the House that if they are allowed to participate in the discussion there is no possibility of deciding the question today. I should like to ask Honourable Members whether they wish that the discussion should proceed so long as it is necessary to vote on the subject or they wish me to adjourn the House now.

**Several Honourable Members:** Adjourn, adjourn.

**The Honourable Sir George Rainy:** I only wish to say this that this is the sixth day this week on which we have sat for a full day and that Honourable Members are naturally tired. But if we adjourn early today, it may be necessary to ask the Chair to sit later some days next week.

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, today is a Saturday, and we have sat till half past four. After a day's rest tomorrow, possibly Honourable Members might sit a little longer on Monday. I suggest, Sir, that we adjourn now.

**Mr. R. S. Sarma** (Nominated Non-Official): We can sit till five o'clock.

**Mr. President:** As regards sitting later in future, that will depend on the circumstances of each day. There can be no binding in regard to it. Very well, gentlemen, I will adjourn the House till Eleven o'clock on Monday.

The Assembly then adjourned till Eleven of the Clock on Monday, the 23rd March, 1931.