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FIRST SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1931



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Legislative Assembly.

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LEGISLATIVE ASSEMBLY.

Friday, 27th March, 1931.

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

MEMBER SWORN:

Mr. Evelyn Berkeley Howell, C.S.I., C.I.E., M.L.A. (Foreign Secretary).

QUESTIONS AND ANSWERS.

CARRYING OUT THE TERMS OF THE POLITICAL SETTLEMENT.

1142. *Mr. Jagan Nath Aggarwal: (a) Will Government be pleased to state:

- (i) whether all persons convicted in connection with the civil disobedience movement of offences not involving violence have been released in accordance with the terms of the settlement announced by His Excellency the Viceroy on the 5th March, 1931;
- (ii) whether all pending cases in connection with the same movement have been withdrawn;
- (iii) whether properties confiscated but not sold have been returned;
- (iv) whether all persons undergoing imprisonment on account of default in payment of fines have been released; and
- (v) whether all punitive posts have been withdrawn and the further realisation of punitive taxes stopped?

(b) If the reply to all or any of the items in part (a) above be in the negative, will Government be pleased to state the cause of the delay in carrying out the terms of the settlement?

(c) Are Government aware that all persons convicted of offences under section 108 of the Criminal Procedure Code and section 124-A of the Indian Penal Code (for making seditious speeches) have not been released and certain Local Governments are making inquiries into such cases?

(d) Have Government considered the question whether such an inquiry does come within the purview of article 18 of the terms of the settlement, and whether these convictions involve anything more than technical violence?

(e) Are Government aware that such delay is causing considerable misapprehension in the minds of the public and is robbing the settlement of a good deal of its grace?

(f) Do Government intend to issue instructions that the settlement should not be carried out in an illiberal and grudging spirit and persons convicted of such offences should be immediately released?

Mr. C. W. Gwynne: (a) and (b). I have no detailed information as yet on the several points raised, but I would observe that out of approximately 18,800 persons who were in prison in connection with the civil disobedience movement on the 5th March either on conviction for offences or as under-trials, approximately 16,800 have been released. The Government of India are satisfied that Local Governments have taken and are taking prompt action to give liberal effect to the terms of the settlement, which in several respects are not correctly cited in the Honourable Member's question. In order to avoid misunderstanding, I would observe that the withdrawal of additional police is within the discretion of Local Governments, who will necessarily be guided by the conditions in the areas concerned; it was not contemplated that action in this respect would be taken until Local Governments were satisfied that conditions had returned to normal.

(c) to (f). I would refer the Honourable Member to the reply given by the Honourable Sir James Crerar on the 18th March to Mr. Ranga Iyer's short notice question on the subject.

Mr. Gaya Prasad Singh: Are Government aware that there is great dissatisfaction in the province of Bihar and Orissa at the delay in giving effect to the terms of the settlement with regard to the release of political prisoners?

Mr. C. W. Gwynne: We have got no information. The figures seem to speak for themselves.

Mr. Gaya Prasad Singh: Then may I take it that there are no prisoners in the province of Bihar and Orissa who are still in jail and have not yet been released?

Mr. C. W. Gwynne: The total number of prisoners who have been released in the whole of India is approximately 16,800 out of approximately 18,800.

Mr. Gaya Prasad Singh: Then am I to take it that there are no such prisoners in the province of Bihar and Orissa who come under the terms of this settlement and have not yet been released?

Mr. C. W. Gwynne: I have not got actual information with me on that point.

Mr. Jagan Nath Aggarwal: Will the Honourable Member give us the figures with regard to each province separately?

Mr. C. W. Gwynne: I have not got them here.

Mr. Jagan Nath Aggarwal: Even with regard to the Punjab?

Mr. C. W. Gwynne: If the Honourable Member wishes I shall get these figures.

TRANSFER OF THE DISTRICT JUDGE OF DERA ISMAIL KHAN FROM THAT DISTRICT.

1143. ***Mr. Jagan Nath Aggarwal:** (a) In view of the answer to question No. 662, asked on the 19th March, 1930, by Mr. Mukhtar Singh in the Legislative Assembly, will Government be pleased to state if they have considered the question of the transfer of the officer concerned from Dera Ismail Khan?

(b) Are Government aware of the practice prevailing in the Punjab and other Provinces that Government officers are usually kept at a particular station for not more than three years?

(c) Is it a fact that the officer in question has been holding the post of a District Judge at Dera Ismail Khan ever since 8th December, 1925, and if so, are Government prepared to take early steps to transfer him to some other District?

(d) If the answer to the above is in the negative, will Government be pleased to state the reasons?

Mr. E. B. Howell: (a) The officer concerned has applied for leave and the question of postings in connection with his relief is being considered.

(b) The practice to which the Honourable Member refers is apparently not an invariable one.

(c) See answer to (a) above.

(d) Does not arise.

Sardar Sant Singh: How long will Government take to consider this question, when the first question with regard to this affair was asked by Mr. Mukhtar Singh on the 19th March, 1930?

Mr. E. B. Howell: I am afraid I do not quite see the point of the Honourable Member's question.

Sardar Sant Singh: The first question with regard to this affair was asked by Mr. Mukhtar Singh and replied to in this House on the 19th March, 1930. May I know how long Government will take to make up their minds about this matter?

Mr. E. B. Howell: It is not necessary for Government to make up their minds. The officer concerned is taking leave and therefore removing himself.

Mr. Jagan Nath Aggarwal: Had this question anything to do with the taking of leave?

(No reply was given.)

CLOSING OF A GATE LEADING TO THE GUJRAT RAILWAY STATION.

1144. ***Mr. Jagan Nath Aggarwal:** (a) Are Government aware of the fact that the North Western Railway authorities have closed the gate leading to Gujrat railway station and goods office from Phalia, Kunjah, Gujrat Road to all tongas, motors and carts for the last year or so?

(b) Are Government aware of the fact that there are hundreds of villages of Gujrat and Phalia Tehsils on the Phalia Kunjah road whose residents come by this route to catch trains at Gujrat railway station and send or receive goods from Gujrat goods office and tongas, carts and motors had free access to the railway station from this gate since the earliest days of the construction of North Western Railway line 60 or 70 years ago without any interruption or objection by the Railway authorities?

(c) Are Government aware of the fact that the road in front of this gate is the longest and most frequented road in Gujrat District and there are important towns and villages like Kuniash Manowal, etc. on this road and there is a good deal of vehicular traffic direct from Phalia and other important places for Gujrat railway station on this road?

(d) Are Government aware that by the closing of this gate, the people of this area have to go 1 or 1½ mile more to catch a train at the Gujrat railway station or to go to Gujrat goods office?

(e) Are Government aware that this closing of the gate has caused great inconvenience to the people and caused great loss to the Railway income and the lorry traffic has become much more popular?

(f) Are Government aware that the people sent representations to the railway authorities for keeping the gate open to vehicular traffic as before and the Deputy Commissioner of the District also made such a representation to the authorities?

(g) Are Government going to remove the hardship of the people of that *Ilaga* by allowing the gate to remain open to vehicular traffic as before by ordering its present width to be enlarged by one to two feet by the removal of temporarily erected iron bars?

Mr. A. A. L. Parsons: Government have received no intimation of the closing of this gate, but information will be obtained from the Agent, North Western Railway, and I will communicate later with the Honourable Member.

REPAIRS AND RENOVATIONS AT THE "EASTERN HOSTEL," NEW DELHI.

1145. ***Maulvi Muhammad Yakub** (on behalf of Mr. Muhammad Azhar Ali): (a) Will Government please state whether any structural alterations, repairs, renovations, or replacements, are being conducted on the premises of the "Eastern Hostel", i.e., buildings and appurtenances, housing offices, etc., of the Divisional Engineer of Telegraphs, Delhi Division, as also the Central Telegraph Office, New Delhi? If so, what, and what for?

(b) Is it a fact that the floors, etc., at present, are hurriedly undergoing extensive renewals and re-modelling; if so, why?

(c) Are not the floors of 'Eastern' and 'Western Hostels' composed of cemented, concrete structure and similar in constructive detail; if so, what then justifies uprooting and renewing the floors of 'Eastern Hostel'?

(d) What is the capital outlay on the works referred to above in part (a)? Was there any fear of collapse of the floors treated; and was advice of an expert sought, when works were contemplated?

(e) What was the Budget allotment, under the head Works, etc., made by the Divisional Engineer, Telegraphs, Delhi Division, for the official year, commencing the 1st April, 1930?

(f) What was the aforementioned official's net cash balance under the above heading on the 1st March, 1931?

(g) What was the said official, above, due to lapse or surrender Government but for the expenditure incurred above?

(h) What justifies the initiation of the works aforementioned, which have been undertaken, when finances are at its lowest ebb, and the year at its last lap?

Mr. J. A. Shillidy: (a) Only special repairs are being carried out, as the state of the building necessitated such repairs.

(b) No.

(c) Yes. Only a small portion of the flooring in the Eastern Hostel has been renewed on the advice of the Public Works Department.

(d) There is no capital outlay involved in this case. The work is being carried out by, and on the advice of, the Public Works Department Officers who are experts.

(e) Rs. 72,900 was the total annual grant for the ordinary and special repairs of all Postal and Telegraph buildings in New Delhi.

(f) Rs. 3,653 was the net unspent amount of the grant on the 1st March, 1931, excluding amounts *subsequently* surrendered by the Public Works Department.

(g) About Rs. 18,000.

(h) The special repairs in question were initiated in November, 1930, and sanctioned in January, 1931. The rest of the question has been answered under (d).

Maulvi Muhammad Yakub: May I know who is the official expert who gave advice about these repairs?

Mr. J. A. Shillidy: The Superintending Engineer and the Chief Engineer.

Maulvi Muhammad Yakub: I wanted to know the name.

Mr. J. A. Shillidy: The Chief Engineer's name is Sir Alexander Rouse.

Maulvi Muhammad Yakub: And the Special Engineer who was in charge of these repairs?

Mr. J. A. Shillidy: The Chief Engineer is generally in charge.

Maulvi Muhammad Yakub: Does the Chief Engineer go through the plans himself and see whether any repairs are required or not?

Mr. J. A. Shillidy: Yes, he is generally responsible.

Maulvi Muhammad Yakub: My point is, does he himself go through the plans and see whether the repairs are actually required or not?

Mr. J. A. Shillidy: It would depend on the amount of work on the building.

Maulvi Muhammad Yakub: Was the condition of this building so bad that in this year of bad finance it was necessary to carry out these repairs at the *fag-end* of the year when the allotments of the last year's Budget were nearly going to be exhausted?

Mr. J. A. Shillidy: That was the opinion of our expert advisers.

APPOINTMENT OF SUPERINTENDENT OF LIGHTHOUSES IN BOMBAY.

1146. ***Mr. Gya Prasad Singh:** (a) Is it a fact that the Collector of Salt Revenue, in the Indian Mercantile Marine Department, is performing the functions of Superintendent of Light Houses in Bombay? If so, what are his technical qualifications, besides the fact of his being an Indian Civil Service man?

(b) Is it a fact that in all ports, the Superintendents of Light Houses are all Members of the Royal Indian Marine, whereas in Bombay alone a member of the Indian Civil Service is carrying on the duty as Superintendent of Light Houses?

(c) Is it a fact that retired Royal Navy Reserve men are generally selected to fill the posts of Port Officers at the various ports? What is the total number of Port Officers, and the total number of men of the Retired Royal Navy Reserve employed as Port Officers? Is it a fact that the salary that these men receive in India is in addition to the pensions they are already enjoying from the Royal Navy in England?

(d) What steps have been taken by Government to Indianise the posts of Port Officers; and will Government be pleased to make a statement showing the progressive Indianisation in this branch of public service, from year to year?

The Honourable Sir George Rainy: (a) Yes. The Collector of Salt Revenue, Bombay, does not possess any technical qualifications for lighthouse work. I may, however, explain in this connection that Superintendents of Lighthouses are only in executive charge of the general Lighthouse administration within their respective jurisdictions, and are not concerned with the technical supervision of the general lights which is exercised by a separate technical staff. The Collector of Salt Revenue, Bombay, has been appointed Superintendent of Lighthouses in the Bombay Lighthouse District as he had for many years been in charge of the lights in that District before the administration was centralised, and it was considered undesirable for administrative reasons to disturb this arrangement.

(b) Yes. I would, however, observe that there are only six Lighthouse Districts, *viz.*, Aden, Karachi, Bombay, Madras, Calcutta and Rangoon each of which is in charge of a Superintendent of Lighthouses.

(c) The Government of India have Mercantile Marine Offices at the major ports of Aden, Karachi, Bombay, Madras, Calcutta, Rangoon and Chittagong. The Principal Executive Officers at these offices are drawn from the Royal Indian Marine Service and are not retired Royal Naval Reserve Officers. Retired Royal Naval Reserve Officers are employed as Port Officers at some of the minor ports, but such ports are the concern of the Local Governments.

(d) The appointments at the Central Mercantile Marine Offices referred to in the reply to part (c) are reserved for Royal Indian Marine Officers. The progress of Indianisation in these appointments will therefore depend on the progress of Indianisation in the Royal Indian Marine Service. It will be some years before sufficiently senior Indian members of that Service become available for port appointments.

Mr. Gaya Prasad Singh: May I take it that the Superintendents of ports do not possess any technical qualifications as mentioned by my Honourable friend with regard to the answer to part (b) of my question?

The Honourable Sir George Rainy: A Superintendent of Lighthouses need not have technical qualifications.

APPOINTMENT ON THE SOUTH INDIAN RAILWAY OF THE SON OF THE SENIOR GOVERNMENT INSPECTOR OF RAILWAYS.

1147. ***Mr. B. Rajaram Pandian**: Will Government be pleased to state whether the South Indian Railway has recently appointed the son of the Senior Government Inspector of Railways as a probationary officer in one of the vacancies meant for Indians, and, if so, why and what are his special qualifications?

Mr. A. A. L. Parsons: No. The son of the Senior Government Inspector of Railways has been appointed as a pupil candidate. Such appointments in the South Indian Railway are within the competence of the Railway Administration.

SUBORDINATE RAILWAY ACCOUNTS EXAMINATION.

1148. ***Mr. B. Rajaram Pandian**: (a) Will Government be pleased to state whether it is a fact that in the recent appendix D examination of the subordinate Railway Accounts service held in November by the Financial Commissioner of Railways, two question papers, namely, Book-keeping and Traffic Audit, were wrongly set, and if so, what steps do Government propose to take?

(b) Are Government aware of any memorial submitted in this connection to the Controller of Railway Accounts and do Government propose to show any consideration to the candidates?

Mr. A. A. L. Parsons: (a) I am informed that a figure in one question in the paper on Book-keeping was misprinted; also certain questions were set in the paper on Traffic Accounts (without books) for answering which accurately books were required.

(b) Certain representations have been received by the Controller of Railway Accounts, who is dealing with them on their merits.

APPOINTMENT OF INDIANS IN NEW DIVISIONAL OFFICES OF THE SOUTH INDIAN RAILWAY.

1149. ***Mr. B. Rajaram Pandian**: Will Government be pleased to state whether it is a fact that new Divisional offices have been opened in the South Indian Railway, sanctioned by the Home Board, and if so, have the authorities appointed any new officers and, if so, how many Indians have been taken in service as officers?

Mr. A. A. L. Parsons: The answer to the first part of the question is that a new traffic District was opened at Calicut on the 1st January. I have called for information from the Agent, South Indian Railway, in respect of the remaining parts of the Honourable Member's question and will communicate with him on its receipt.

TRAINING OF INDIAN UPPER SUBORDINATES OF THE SOUTH INDIAN RAILWAY.

1150. ***Mr. B. Rajaram Pandian**: Will Government be pleased to state whether it is a fact that men promoted from upper subordinate to the officer's grade in the South Indian Railway are trained at the Dehra Dun College? If so, will Government please furnish information as to how many Indians have received training during the year 1930, and how many of them have been promoted?

Mr. A. A. L. Parsons: I have called for information from the Agent, South Indian Railway, and will communicate later with the Honourable Member.

BRANCH CITY BOOKING OFFICE AT KUP BAZAR, MULTAN CITY.

1151. ***Khan Bahadur Makhdum Syed Rajan Bakhsh Shah:** (a) Are Government aware that a branch city booking office has been opened in Kup Bazar, Multan city, and the Railway Department are going to close it from the 1st April, 1931? If so, why?

(b) Are Government prepared to consider the advisability of issuing instructions to the Agent, North Western Railway, Lahore, by telegram not to close this branch office?

(c) Is it a fact that the public of Multan city have requested the Railway authorities several times to open the branch booking office of Multan city, Kup Bazar, for parcel and luggage traffic as well?

(d) If so, will Government please state what response is being given to this call of the public?

Mr. A. A. L. Parsons: Government have received no advice that the North Western Railway propose to close this branch booking office, but at the meeting of the North Western Railway Local Advisory Committee at Lahore on the 21st February, 1931, the Agent of the North Western Railway explained that, in order to meet the present serious financial position, it had been decided to close certain city booking offices. This is a matter within the competence of the Agent, and Government do not propose to issue any instructions.

THE DELHI POLICE LATHI.

1152. ***Mr. Amar Nath Dutt** (on behalf of Rai Bahadur Sukhraj Rai): (a) With reference to the reply to my starred question No. 699 of the 24th February, 1931, have Government taken steps to procure a sample of the Delhi Police lathi?

(b) If so, are they prepared to place it on the table?

Mr. C. W. Gwynne: The answer to both parts of the question is in the negative.

Mr. Amar Nath Dutt: Why can not a sample of lathi be placed upon the table?

Mr. C. W. Gwynne: It is a matter of opinion: a lathi could hardly form part of the proceedings of the Assembly.

ASSASSINATION OF MR. NAZINI RAM DHAMI IN CALIFORNIA.

1153. ***Mr. Amar Nath Dutt** (on behalf of Rai Bahadur Sukhraj Rai): Will Government be pleased to state:

(a) whether they are aware of the great indignation caused in India by the assassination of Mr. Nazini Ram Dhami of the Pacific Coast, Congress Secretary in California?

(b) if so, what steps have been taken by them to trace the culprit?

Mr. E. B. Howell: (a) Beyond one reference in the Indian Press and some in the American Press, Government have no information.

(b) The investigation of the crime is the concern of the American Government, who are no doubt taking necessary steps to detect and punish the culprit or culprits.

BOYCOTT OF CENSUS.

1154. ***Mr. Amar Nath Dutt** (on behalf of Rai Bahadur Sukhraj Rai): (a) Will Government be pleased to state whether there has been any effect of the boycott of census by a large number of people in India on the recent census held on the 26th February, 1931?

(b) Are Government aware that meetings and processions were organised in Bombay and other big cities of India on the night of Census enumeration to engage the people otherwise and to prevent their names being entered in the Census records?

(c) Do Government propose to have a fresh or a revised census to get at the correct figures of population in India?

(d) Are Government aware that in many cases wrong figures have been given by the inmates of the houses?

Mr. C. W. Gwynne: (a) and (b). The Honourable Member's attention is invited to para. 3 of the Home Department Resolution No. 45/18/31-Public, dated the 21st March, 1931, on the recent census.

(c) and (d). The answer is in the negative.

Mr. B. V. Jadhav: Are Government aware that the enumeration of the Western Hostel in New Delhi was never taken?

Mr. C. W. Gwynne: I have no information.

TIMINGS OF CERTAIN TRAINS RUNNING BETWEEN HOWRAH AND MUTTRA.

1155. ***Mr. Badri Lal Rastogi:** (a) Are Government aware that 41 Up and 42 Down Express trains which used to run between Howrah and Muttra over the East Indian Railway have been discontinued from the 1st of March, 1931?

(b) Are Government aware that as a result of the discontinuance of the 42 Down train which used to leave Moghalsera; at 9-10, reaching Bukhtiar-pore Junction at 14-27, passengers going to Arrah, Patna, Bihar, Monghyr, etc., have been put to considerable inconvenience?

(c) Do Government propose to ask the Railway authorities to run the 16 Down Express train over the East Indian Railway an hour earlier or to run the 5 Up Mixed Daily over the B. B. L. Railway an hour later so that passengers getting down from the 16 Down Express and 68 Down Passenger-trains may get corresponding train at Bukhtiar-pore Junction?

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

(b) Government are not aware that this is so.

(c) The Honourable Member's suggestion will be communicated to the Agent of the East Indian Railway and to the Managing Agents of the Bukhtiar-pur Bihar Light Railway.

PROVINCIAL AND CENTRAL SUBJECTS.

1156. *Mr. Badri Lal Rastogi: (a) Will Government please lay on the table a statement showing which subjects are provincial and which central?

(b) Is it a fact that the Government of India have got complete control over the provincial subjects?

(c) If the answer to part (b) is in the affirmative, are Government prepared to remove the grievances of the public regarding the provincial subjects? If not, why not?

Mr. C. W. Gwynne: With your permission, Sir, I propose to reply to questions Nos. 1156 and 1157 together. I would invite the Honourable Member's attention to section 45-A of the Government of India Act, the Devolution Rules made thereunder, and the Schedules attached to those rules. The Honourable Member will find there all the information he is seeking.

ALLOTMENT OF CENTRAL REVENUES FOR PROVINCIAL SUBJECTS.

†1157. *Mr. Badri Lal Rastogi: (a) Is it a fact that the Government of India have got powers to refer the grievances of the public to the Local Government for redress?

(b) Is it a fact that when the Local Governments are unable to remove the grievances of the public owing to lack of funds, the Central Government can help it with sufficient grants to do so?

(c) Will Government please state the circumstances under which it can help the Local Government with funds in the subjects which are provincial?

STATE OF EDUCATION IN VARIOUS COUNTRIES.

1158. *Mr. Badri Lal Rastogi: (a) Will Government please state what is the average education of males and females, in India, England, Germany, America, Japan, Canada and Australia?

(b) Will Government please state the countries of Europe where free and compulsory education has been introduced by the States?

(c) Will Government please enumerate the countries where the State has not introduced free and compulsory education?

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: (a) If the Honourable Member will indicate precisely what he means by the phrase "average education of males and females", I will endeavour, as far as possible, to furnish the information which he seeks. In case he wishes to know merely the extent of literacy among males and females in various countries, his attention is invited to the article on *Illiteracy* on page 94 of Volume 12 of the Encyclopædia Britannica, 14th edition.

(b) and (c). A statement giving the information asked for, so far as it is readily available, is laid on the table.

†For answer to this question see answer to question No. 1156.

STATEMENT.

Countries in which primary education is either free or compulsory.

Name of Country.

Whether primary education is free or compulsory.

(a) *European countries.*

1. Austria	Compulsory.
2. Belgium	Compulsory and free
3. Bulgaria	Compulsory and free.
4. Czechoslovakia	Compulsory.
5. Denmark	Compulsory.
6. Iceland	Compulsory.
7. Ireland	Free.
8. Estonia	Compulsory and free.
9. France	Compulsory and free.
10. Germany	Compulsory.
11. Great Britain	Compulsory and free.
12. Greece	Compulsory.
13. Hungary	Compulsory.
14. Italy	Compulsory and free.
15. Luxemburg	Compulsory.
16. Netherlands	Compulsory.
17. Norway	Compulsory.
18. Poland	Compulsory and free.
19. Portugal	Compulsory.
20. Rumania	Compulsory and free (wherever there are schools).
21. Soviet Russia	Compulsory.
22. Spain	Compulsory and almost free.
23. Sweden	Compulsory and free.
24. Switzerland	Compulsory and free.
25. Yugoslavia	Compulsory and, in schools under the Ministry of Education, free.

(b) *Other countries (excluding the British Empire).*

1. Afghanistan	Compulsory and free.
2. Argentine Republic	Compulsory and free.
3. Bolivia	Compulsory and free.
4. Brazil	Free.
5. Chile	Compulsory and free.
6. Costa Rica	Compulsory and free.
7. Cuba	Compulsory and free.
8. Dominican Republic	Compulsory and free.
9. Ecuador	Compulsory and free.
10. Madagascar	Compulsory.
11. Haiti	Compulsory and free.
12. Honduras	Compulsory and free.
13. Japan	Compulsory.
14. Panama	Compulsory.
15. Paraguay	Free and nominally compulsory.
16. Peru	Compulsory and free.
17. Salvador	Compulsory and free.
18. Turkey	Compulsory (nominally).
19. Uruguay	Compulsory.
20. Venezuela	Compulsory and free.
21. United States (America)	Compulsory and free.

Name of Country.	Whether primary education is free or compulsory.
(c) <i>British Empire (outside Europe).</i>	
1. Ceylon	Free in vernacular schools.
2. India	Compulsory and free in certain areas.
3. Straits Settlements	Compulsory and free (for Malays).
4. Zanzibar	Free. (Subjects of H. H. the Sultan are liable to compulsion).
5. Mauritius	Free.
6. South Africa	Compulsory and free in certain provinces.
7. Bermuda	Compulsory.
8. Canada	Free.
9. Australia	Compulsory and free.
10. New Zealand	Compulsory and free.
11. Nauru Island	Compulsory.

N. B.—This statement is based on the information available in various reference-books. It is not possible to say whether primary education is not free or compulsory in the countries which are not included in it.

**GOVERNMENT OF INDIA GRANTS TO THE PROVINCE OF BIHAR AND
ORISSA.**

1159. *Mr. Badri Lal Rastogi: (a) Will Government please state how many grants have been given by the Government of India to the Province of Bihar and Orissa towards the different subjects during the period of five years?

(b) Is it a fact that some grants towards some subjects are under contemplation of the Government of India?

The Honourable Sir George Schuster: I am afraid I do not understand the question, but if the Honourable Member will speak to me I will endeavour to give him the full information which he requires.

STATEMENTS LAID ON THE TABLE.

(OCCUPATION OF PESHAWAR AND SURROUNDING VILLAGES BY THE MILITARY.

Mr. E. B. Howell (Foreign Secretary): As promised by Mr. Acheson in his reply to a supplementary question, I lay on the table the answer to starred question No. 711 asked by Shaikh Sadiq Hasan on the 25th February, 1931.

"Question.

***Shaikh Sadiq Hasan** : Will Government be pleased to state :

- (a) the number of times Peshawar was occupied by the Military from April 23rd 1930 to June 1930, and the duration of each occupation; and
- (b) the number of times and the names of villages and towns adjoining Peshawar which were occupied by the Military during the same period?

Answer.

Mr. J. G. Acheson : (a) Peshawar was occupied by the Military forces twice : on April, the 23rd, for two days, and on May, the 4th, for three and a half months.

(b) Villages in the Peshawar district so occupied were : Charsadda and Prang, once, and Utmanzai once."

NON-PAYMENT OF TAXES IN PESHAWAR AND CIRCULATION OF AN ACCOUNT OF PESHAWAR DISTURBANCES.

Mr. E. B. Howell : As promised by Mr. Acheson in his reply to a supplementary question, I lay on the table the answer to starred question No. 712, asked by Shaikh Sadiq Hasan on the 25th February, 1931.

"Question.

***Shaikh Sadiq Hasan** : (a) Will Government be pleased to state whether there was any organised refusal on the part of landholders in the North West Frontier Province to pay taxes since the commencement of the civil disobedience movement?

(b) Is it a fact that after the Peshawar outrages Mr. F. C. Isemonger, Inspector General of Police, published an account of the tragedy and circulated it privately amongst officials and in certain other circles?

(c) If the answer to part (b) is in the affirmative, will Government be pleased to state whether the expenditure for this Publicity was met out of Government Funds?

(d) In connection with parts (b) and (c) will Government be pleased to state under what rules Governments are permitted to carry on such propaganda?

Answer.

Mr. J. G. Acheson : (a) There has been no organised refusal on the part of landholders in the North West Frontier Province to pay taxes since the commencement of the civil disobedience movement. The collection of revenue in the Peshawar District, however, is always a matter of difficulty, and defaulters in certain tracts of that district have taken advantage of the state of lawlessness engendered by the recent disturbances to offer passive resistance to revenue demands, and non-payment of revenue has been mooted in meetings and shouted as a slogan by picketers in Charsadda Bazar.

(b) It is not a fact that Mr. Isemonger, Inspector General of Police, either published or circulated privately, an account of the disturbances.

(c) and (d). Do not therefore arise."

MILITARY BLOCKADE OF VILLAGES IN THE PESHAWAR DISTRICT.

Mr. E. B. Howell: As promised by Mr. Acheson in his reply to a supplementary question, I lay on the table the answer to starred question No. 717, asked by Shaikh Sadiq Hasan on the 25th February, 1931, regarding the military blockade of villages in the Peshawar District.

"Question.

**Shaikh Sadiq Hasan :* (a) Is it a fact that the following villages in the Peshawar District were blockaded by the Military for nearly three weeks :

Charsadda, Prang, Babara, Sangi, Utmanzai, Harichand, Mainay, Topai, Maghiz, Torder, Manery, Sawabi, Dargai, Yarubusain, Lulandai, Nowdeh, Kalukhan, Jamalghari and Adens?

(b) Is it a fact that during the blockade in the following villages Shabkadar, Mainay, Marghur, Torder, Manery, Dargai, Yarubusain and Jamalghari the Military forces looted the houses, burnt their grain, destroyed household utensils, cut down crops, and carried away the cattle belonging to the villagers?

(c) If so, what action did Government take to (i) punish the soldiers concerned, and (ii) to pay compensation to the victims?

(d) Are Government aware that the houses of peaceful inhabitants including some Numberdars inhabiting the Administered Districts were burnt to ashes and that no one was allowed to quench the fire?

(e) Is it a fact that amongst the houses set fire to are the houses belonging to (i) Ghulam Mohd. Khan of Lond-Khwar, Mardan Sub-division, (ii) Malik Mosam Khan of Takar, Mardan Sub-division, and (iii) Hasham Gul Khan of Takar, Mardan Sub-division?

(f) Is it a fact that many unarmed persons in Takar who came to extinguish the fire set up by the Military with their Machine Guns and Rifles, were wounded and some killed?

(g) Will Government be pleased to state the number of men (i) killed and (ii) wounded?

(h) Are Government aware of a report made about the Takar massacre to the effect that the firing was ordered in response to the shots fired by the public on the soldiers? If so, is the report correct?

(i) Will Government be pleased to state what was the number of casualties on Government side as a result of the shots fired by the public?

Answer.

Mr. J. G. Acheson : (a) The answer in respect of Charsadda, Prang, Babara (a single village group) and Utmanzai is in the affirmative. In respect of the other villages named it is in the negative. These villages were visited by police supported by troops for a few hours in each case.

(b) The Military did not enter the villages but were used as cordons. In no case were houses looted, grain burnt or crops cut. In a few cases of forcible resistance to arrest by the police it was necessary to break open houses and some minor damage was thus caused. In one case (Shabqadr) cattle were attached in satisfaction of a fine imposed for harbouring hostile Mohmands who fired on Government forces.

(c) Does not arise.

(d) No houses were burned. Two hujras, belonging to Maliks Amin Gul and Masam Khan of Takar, respectively, who had been prominent in the rioting at Gujjar Garhi and were evading arrest, were burnt.

(e) The answer is in the negative. The hujra of Ghulam Muhammad Khan of Lundkhwar was partly dismantled but not burned. As stated above the hujra of Masam Khan of Takar was burned. No injury was done to the hujra of the other person named.

(f) It is not a fact. A number of persons armed with rifles fired on the troops, who returned the fire.

(g) The attacking villagers concealed their losses, but the total casualties in killed and wounded are believed to have been twenty approximately.

(A) There was no massacre at Takkar. The report by responsible officers at the time of the occurrence shows that the troops were fired on first before they returned the fire.

(i) No Government servants were reported injured."

UNSTARRED QUESTIONS AND ANSWERS.

RENTS CHARGED FOR MUTTON SHOPS IN PESHAWAR CANTONMENT.

406. **Khan Bahadur Haji Wajihuddin:** (a) Is it a fact that:

- (i) for Government mutton shops in all Cantonments in India fixed rents are levied;
- (ii) in Peshawar Cantonment the right of rent was first sold by auction by the Cantonment authority in 1904;
- (iii) on receipt of complaints from the Cantonment public the system was abandoned in 1906 but remained in force again from 1907 till 1923, when the public objected and the system was cancelled;
- (iv) it was again resumed in 1924 and is enforced till now?

(b) If the replies to the above be in the affirmative, do Government propose to have a uniform system of levying rents enforced in Peshawar Cantonment also and stop the system of auction?

Mr. G. M. Young: I am making enquiries and will let the Honourable Member know the result in due course.

INTRODUCTION OF THE ELECTIVE SYSTEM IN THE PESHAWAR CANTONMENT BOARD.

407. **Khan Bahadur Haji Wajihuddin:** With reference to the reply given by Government to question No. 227, asked by me on the 23rd February, 1931 (regarding the introduction of the elective system in the Peshawar Cantonment Board), will Government be pleased to place on the table the report received from the North West Frontier Province Administration for the information of the House?

Mr. G. M. Young: Government are not yet in a position to consider laying any papers on the table, as the matter is still under consideration.

APPOINTMENT OF MUSLIMS TO GOVERNMENT OFFICES IN THE NORTH-WEST FRONTIER PROVINCE.

408. **Khan Bahadur Haji Wajihuddin:** (a) With reference to the replies given by Government to starred question No. 453, asked by Mr. Muhammad Ismail Khan, on the 12th September 1929, which is to the following effect that:

"No precise proportion has been fixed but every consideration is being paid to the claims of increasingly large number of educated Muslims now available."

and to starred question No. 186, asked on the 29th January, 1931, by Mr. Muhammad Anwar-ul-Azim, will Government be pleased to state, if it is a fact that out of 68, 50, 23, and 162 clerks serving in the offices of the Honourable the Chief Commissioner, Revenue Commissioner, Judicial Commissioner, and Irrigation Department, respectively, the Muslims hold only 20, 13, 7 and 87 appointments respectively?

(b) If reply to the above questions be in the affirmative will Government be pleased to state how many of the remaining appointments, *vis.*, 48, 37, 16 and 75 or whatever the actual number may be are held by the non-residents of the Province?

(c) Is it a fact that 2 non-Muslims were recently recruited in the Honourable the Chief Commissioner's Office, one of whom is a Punjabi?

(d) Do Government propose to consider the desirability of stopping the recruitment of the non-Muslims and of non-residents till the number of the qualified local Muslims reach the desirable limit in the ministerial establishment of the Province?

Mr. E. B. Howell: The information has been called for and will be supplied to the Honourable Member when received.

FOREST LAND IN NATHIA, NORTH-WEST FRONTIER PROVINCE.

409. **Khan Bahadur Haji Wajihuddin:** (a) With reference to the reply given by Government to starred question No. 452, asked by Mr. Muhammad Ismail Khan, on the 12th September 1929, will Government be pleased to state if it is a fact that the lands on which houses, bazars and other buildings have been constructed in hill stations in India originally belonged to the Forest Department and were subsequently assigned to Municipalities for sale to private individuals, etc., for building purposes?

(b) If reply to the above question be in the affirmative, will Government be pleased to state if there is any reason why the Forest Department has not extended the same facilities in respect of the forest land at Nathia in the North-West Frontier Province?

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: I am trying to get the information asked for by the Honourable Member and will let him know the result in due course.

TUBERCULOSIS IN PESHAWAR.

410. **Khan Bahadur Haji Wajihuddin:** (a) With reference to the reply given by Government to starred question No. 455, asked on the 12th September, 1929, by Mr. Muhammad Ismail Khan, will Government be pleased to state if it is a fact that:

(i) about half of the town of Peshawar has been declared by the Chief Medical Officer of the Province as infested with tuberculosis; and

(ii) other towns in the Province have also been infected?

(b) If the reply to the above question be in the affirmative, are Government prepared to consider the advisability of deputing an Indian Senior Muslim Indian Medical Service Officer to be trained on Rockefeller scholarship in a recognised tuberculosis institution in Europe and to hold charge of the special Department to check the spread of the disease in that Province?

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: (a) Government are aware that the town of Peshawar is badly infected with tuberculosis and that other towns in the North-West Frontier Province are also infected with the disease.

(b) Government will refer the suggestion to the Local Administration for consideration, but must point out that the grant of Rockefeller Fellowships rests entirely with the authorities of the Rockefeller Foundation.

APPOINTMENT OF MUSLIMS TO THE MILITARY ENGINEERING SERVICE IN THE PESHAWAR DISTRICT.

411. **Khan Bahadur Haji Wajihuddin:** (a) With reference to my question No. 242, answered on the 2nd March, 1931, will Government be pleased to state whether:

- (i) the vacancies were ever advertised for by the Commanding Royal Engineer of the district in a Muslim newspaper inviting applications from the local qualified Muslims or
- (ii) the local Muslim Association or Anjumans were ever asked to direct candidates to appear before him for selection to fill up the vacant appointments?

(b) If not, why not?

Mr. G. M. Young: The information has been called for and will be supplied to the Honourable Member in due course.

PROPERTY ATTACHED TO THE SHRINE OF MIAN UMAR SAHIB.

412. **Khan Bahadur Haji Wajihuddin:** (a) Will Government be pleased to state if it is a fact that the trustees of the estate attached to the shrine of Mian Umar Sahib situated in the Peshawar District have been dispossessed of the landed property under the orders of the Local Government of the Province?

(b) If so, will Government be pleased to state if proceedings required by section 92 of the Civil Procedure Code were followed and decree of the court concerned obtained before taking possession of the said property?

(c) If the reply to part (b) above be in the negative, do Government propose to direct the local authority to follow the authorized procedure in the matter?

Mr. E. B. Howell: The Local Administration has been addressed and as soon as a reply is received the information will be supplied to the Honourable Member.

**COMMUNAL COMPOSITION OF THE STAFFS OF CERTAIN OFFICERS IN THE
NORTH-WEST FRONTIER PROVINCE.**

413. Khan Bahadur Haji Wajihuddin: (a) With reference to Army Department Circular No. 33346—1-A.D., dated the 19th November, 1926, will Government be pleased to state:

- (i) if the General Officers Commanding the Districts, Officers Commanding the Stations and the executive officers in the North West Frontier Province have ever examined the communal composition of their respective clerical staff after the receipt of the circular order referred to above, and
- (ii) if they have ascertained which community required to be more adequately represented in their respective offices?

(b) If the replies to the above questions be in the affirmative, will Government be pleased to state:

- (i) which community transpired to be more adequately represented in their offices;
- (ii) what steps have been taken by each of the officers mentioned at part (a) (i) to achieve the desired object of Government, and
- (iii) with what result?

Mr. G. M. Young: I am making enquiries and will inform the Honourable Member in due course.

INTEREST CHARGED BY PATHAN MONEY-LENDERS.

414. Kunwar Raghubir Singh: (a) Will Government be pleased to state if Pathan money-lenders are charged income-tax in proportion to the income they earn by advancing loans to the public at exorbitant rates of interest, from two to four annas per rupee per month? If not, why not?

(b) Do Government contemplate fixing a limit to the interest that should be charged on loans?

(c) Are Government aware that Pathans' dealing with their debtors are very torturing, especially with defaulters, and that if a man delays payment of this exorbitant interest every month they, before actually suing him, put him to unnecessary and inhuman harassment by getting hold of him in the streets, snatching away his clothes, etc.? What do Government propose to do in this matter?

(d) Are Government aware that the said Pathans never grant a receipt for the amount they receive monthly from their debtors, in payment of principal and interest with the result that, after an extortion for some time, when they lodge a suit, as they mostly do, a decree is passed in which again an exorbitant interest is charged in full from the date of the issue of the pro-note till the date of the decree? Do Government propose to issue instructions to courts to pass decrees, in case of defaulters, only for the principal and such interest as the banks usually charge, and to dismiss suits where exorbitant interest has already been paid by debtors?

Mr. C. W. Gwynne: (a) If any man conducts a business of money-lending, it would be the practice of the income-tax authorities to assess him as accurately as possible for income-tax on the profits of such business. Government are not aware that any special method of assessment is utilized in the case of Pathan money-lenders which would have the effect of exempting them from their full liability.

(b) No.

(c) and (d). Government do not propose to take up this matter as they consider that the district authorities are in a position to take suitable action if there are complaints of the nature indicated by the Honourable Member about the methods practised by Pathan money-lenders. Executive instructions by Government in the matter of the rate of interest awarded by the Courts are both inappropriate and unnecessary as the courts already have a wide discretion under the Usurious Loans Act.

INDEBTEDNESS OF GOVERNMENT SERVANTS.

415. Kunwar Raghubir Singh: Is it a fact that for habitual indebtedness there are some rules to the effect that when a portion of the salary of a Government servant is constantly being attached, or has been continuously under attachment for a period exceeding 2 years, or is attached for a sum which, in ordinary circumstances, cannot be repaid within a period of 2 years, he will be considered liable to dismissal? If so, are Government prepared to change the period of 2 years to that of 4 to 5 years, or to any reasonable time, in order to give such Government servants enough time to recover from their indebtedness?

Mr. C. W. Gwynne: The Honourable Member is referred to rule 16 of the Government Servants' Conduct Rules. Government do not propose to make any change in this rule.

PROMOTIONS IN THE INDIAN STORES DEPARTMENT.

416. Kunwar Raghubir Singh: What procedure as to efficiency, length of service, age or otherwise, will be followed by the Indian Stores Department in the matter of promotions to the 15 per cent. selection grade appointments, recently sanctioned by the Department of Industries and Labour, of Routine Division clerks to whom that sanction applies?

Mr. J. A. Shillidy: The Honourable Member is under a misapprehension. There is no intention of creating or sanctioning selection grade posts which have not existed before, but there is under consideration the proposal to take the posts on Rs. 160—5—175 out of a continuous scale with the ordinary grade and to make them a selection grade. The ordinary rules of appointment to selection grade posts will apply to these if the proposal is sanctioned.

SHORT NOTICE QUESTION AND ANSWER.

COMMUNAL RIOT AT CAWNPORE.

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

Maulvi Muhammad Yakub: Sir, yesterday I gave notice of a short notice question and I thought that I had got the leave of the Member in charge to put that question today.

Mr. President: That question is not on the Order Paper.

Maulvi Muhammad Yakub: If the Honourable the Home Secretary is ready to give an answer to the question, may I have your leave to put the question?

Mr. President: Very well; I will allow you to ask that question.

Maulvi Muhammad Yakub: With your permission, Sir, I put the following short notice question:

- (a) Are the Government aware that the Mussalman shopkeepers at Cawnpore, who refused to join the Hartal on 24th March, 1931, in connection with the execution of Bhagat Singh and others were assaulted and forced to close their shops, which resulted in a communal riot in that city?
- (b) How many Muslims were killed and how many injured during the riot?
- (c) Is it also a fact that some mosques were damaged and desecrated by the rioters?
- (d) Will the Government be pleased to state what steps they propose to take to protect the lives and property of those peaceful citizens who refused to join the violent Congress movement?

Mr. C. W. Gwynne: (a) Government are informed that the cause of the communal rioting was the pressure brought by demonstrators on Muslim shop-keepers to make them close their shops on March 24th in connection with the execution of the persons condemned to death in the Lahore Conspiracy case.

(b) The number of deaths so far registered at the Cawnpore City Hospital is reported to be 94, of whom 67 are Muslims and 27 are Hindus. The number of injured persons similarly registered is 280, of which the majority are reported to be Muslims.

(c) The Local Government have reported that a considerable number of mosques and temples have been damaged or desecrated.

(d) The Government of India are necessarily not in full possession of information relating to the action taken at Cawnpore itself since the local officers have been and are still too busy in dealing with the situation to make detailed reports. They know however that prompt action was taken to call out the troops stationed at Cawnpore, to promulgate orders under section 144, Criminal Procedure Code, and to use all the police available. Military reinforcements were requisitioned from Lucknow; the Auxiliary Force was called out and reinforcements of armed police were sent as quickly as possible. By the morning of the 26th, four hundred additional armed police had reached Cawnpore. The latest reports show that the situation has greatly improved; the city is now well held and some shops have reopened.

In regard to the general question of policy, it is the practice and intention of Government to spare no efforts to maintain law and order, to afford protection to the individual against violence and to bring to justice those guilty of breaches of the law.

Mr. C. S. Ranga Iyer: Will the Government of India be pleased to state if they were not aware of the fact that at Cawnpore for over a month there has been a very great communal tension and what steps they were pleased to take to bind down the communal leaders, both Hindus and Muhammadans, who were bent upon creating trouble for over a month? Were any of them interned under Regulation III of 1818? Were any of them suppressed under any other section of the law to maintain law and order?

Mr. C. W. Gwynne: I have no detailed information on those points, but I think that is primarily a matter for the Local Government concerned and for the local officers at Cawnpore.

Mr. C. S. Ranga Iyer: Were any steps taken to post extra police in Cawnpore in view of the fact that the communal tension there has been growing greater and greater, and as my friend Maulvi Muhammad Yakub truly said, the lives of peaceful citizens were in peril?

Mr. C. W. Gwynne: I have no detailed information as to what steps have been previously taken at Cawnpore, but as I have explained, troops and police were brought into Cawnpore on the 24th, 25th and 26th.

Mr. C. S. Ranga Iyer: Why did not the Government take special steps to prohibit this particular demonstration in Cawnpore when the communal situation and communal tension was so severe?

Mr. C. W. Gwynne: As I have already explained, I have no detailed information on all these points. It is primarily a matter for the Local Government.

Mr. C. S. Ranga Iyer: Will the Government be pleased to obtain a detailed report by tomorrow and communicate it to the House as to why special steps were not taken to prohibit picketing of Muslim shops in view of the extreme communal tension, and whether any of the picketers, if they had created trouble, were put in prison?

Mr. C. W. Gwynne: The Honourable Member seems to make the assumption that no action has been taken? In any case, I cannot undertake to get a detailed report by tomorrow and communicate it to the House.

Mr. C. S. Ranga Iyer: Will the Government inform the House whether it is a fact that prominent public workers, who went to the disturbed spot to pacify the crowd, were in the presence of responsible police officers, given fatal blows and they were not given any protection by the police?

Mr. C. W. Gwynne: I have no information on those points.

Mr. C. S. Ranga Iyer: Will the Government be pleased to state if Mr. Ganesh Shankar Vidyarthi, President of the Provincial Congress Committee of the United Provinces, and an ex-M.L.C. is missing?

Mr. C. W. Gwynne: I have no information on that point.

Mr. C. S. Ranga Iyer: Are the Government aware of the rumour that he was in the thick of the trouble with a view to evolve order there? Will the Government be pleased to make a special Report to this House as to what has happened to him?

Mr. O. W. Gwynne: I have no information, and I should like to have notice of these questions asking about points of detail.

Mr. President: In view of the answers that the Member in charge has given to the supplementary questions just put, may I suggest to the Honourable Member to put his questions on paper so that Government may have time to reply to them?

Mr. O. S. Ranga Iyer: I thank you, Sir, for your suggestion, and I hope that Government will be ready with their Report by tomorrow or the day after.

Mr. President: The Honourable Member can certainly take what remedies he has under the constitution.

Mr. O. S. Ranga Iyer: Yes, Sir, after getting the information.

THE INDIAN FINANCE BILL—*contd.*

Mr. President: Further consideration of the Finance Bill.

Diwan Bahadur T. Rangachariar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, it is with considerable feeling and a sense of responsibility that I rise to oppose the amendment moved by my friend the Honourable the Finance Member on the recommendation of His Excellency the Governor General. It is not without pangs of regret that we have to oppose this recommendation made by such a great man, who has the good fortune to rule over the destinies of the people of this land. That regret, Sir, is made all the more poignant after listening to those magnificent words which he gave utterance to last night. He has won our hearts by many deeds of his and by many words of his. Our respect and our reverence to him are almost as great as they are to that great Saint of India. These are the two great saints of India of the present day. We cannot but consider that Lord Irwin has been ill-advised by his counsellors in this matter. Sir, there were three groups of thought in this House, as you would have noticed, during the discussion on the Finance Bill. There was this left wing, Sir,—literally it is a left wing of the House which I have the honour to represent—we took the view, the political view, that whatever might be the practical difficulties in the way of the Honourable the Finance Member, we should put pressure on him by means of our vote to reduce his Budget demands by at least 5 crores. There was the other view on the other side, which I call the centre, headed by my friend Sir Hugh Cocke, and latterly also another small group of United India headed by my friend Mr. Yamin Khan, who took the view that a reduction of about 1 crore and 80 or 40 lakhs could easily be made, and there was the middle view advocated by my Honourable friend, Sir Abdur Rahim, assisted as he is so ably by his friend to his left, Sir Cowasji Jehangir, which held that there could be safely a reduction of 2 crores and 34 lakhs in the expenditure. We had hoped that, between these two extremes, the middle view advocated by my Honourable friend Sir Abdur Rahim would be acceptable to the Treasury Benches, but, Sir, we have not got the genius to make constructive suggestions, which is a peculiar monopoly of the European Group, and therefore the Honourable the Finance Member has yielded to pressure from

them now, though in his Budget speech he said that the Army Department had done their utmost to save every possible pie by cutting down expenditure and postponing all expenditure, and he has come forward with taxation proposals with which we are all familiar. Now, he has yielded to pressure, thanks for such pliability, but I wish he had shown a little respect for this side of the House, instead of to the constructive proposals, as he would call them, of his own kith and kin. We have also some responsibility to our constituents, and we have spent laborious days and nights in examining these Budget proposals in great detail. We offered detailed criticisms and suggestions of where economies can be and should be effected, and we thought that we were inflicting no serious wound on the Finance Member's proposals by the vote which we carried by that overwhelming majority of elected Members of this House—of, I think, it was 62 against 48. That is a very large majority. What is it that the Honourable the Finance Member does? He says, "I am prepared to cut down up to a crore". The difference between him and us is only a crore and 84 lakhs of rupees, and was it necessary in this huge Budget to resort to this most extraordinary procedure—if on such slight provocation these extraordinary powers which are vested in His Excellency the Governor General are advised to be resorted to? If that is to be the effect of the future constitutional safeguards as regards finance, if on such slender provocation these reserve powers, which are intended for the protection of the financial credit of India, are to be resorted to, I say, God save the coming Finance Minister who is going to be responsible to the Legislatures. We had offered to help the Honourable the Finance Member, though with some reluctance—we had offered to co-operate with him in the exploration of fields for economy both during the coming year and for the years to come. Although at first we were disinclined to accept the proposal as he had framed it, in the course of the discussions we thought that we might go in there and help Government in making substantial reductions here, there and elsewhere, though it would mean painful and prolonged examination and exploration. But, Sir, the attitude of the Honourable the Finance Member does not encourage us to embark upon that experiment. We have now to reconsider our position, especially in view of the, I hope, unintentional remarks which in the heat of the debate the Honourable the Finance Member used both yesterday and the other day.

Sir, he has assumed a new mantle as the apostle of the protector of the poor. He had been arguing for days and hours in this Assembly, quoting chapter and verse, reports of economic investigations in certain parts of the country, that his proposals were not going to affect the poor in the least. He gave us the assurance in such minute detail, descending even to annas and pies—I think he gave us the figure of two annas and three pies per family of 4 or 5 members—and telling us, what fools you are to think that my proposals are going to affect the poor. Now, if he had not yielded to advice from elsewhere, he would not have used those expressions which he did, and if he reflects over what he said, he will see that he has done a serious injustice—and I hope it was unintentional on his part—to this side of the House in accusing us that in opposing the income-tax proposals we on this side of the House were actuated by any personal considerations in the matter. Sir, his remarks were absolutely uncalled for. However much irresponsible non-official Members may indulge in making attacks on that corporate but inanimate and immaterial body,

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called the Government of India, we make no personal attacks on the Honourable Members who occupy the Treasury Benches. We give them due regard and due respect, and we have never tried to attack them individually in the way in which my Honourable friend's remarks would lead one to suppose. Sir, we have as much the good of the country, nay more, we have more in our hearts the good of the country than the Honourable the Finance Member, or any other occupant of the Treasury Benches can have—the good of the people of this country . . .

Mr. R. S. Sarma (Nominated Non-Official): Do it by your action.

Diwan Bahadur T. Rangachariar: If my Honourable friend Mr. Sarma will wait, he will hear. We want to do it by our action, and we are emphasising it by our action. If Mr. Sarma has that political insight into the use of political weapons, if he learns to use them in an honest and straightforward way, he will see that these actions bear fruit, if not directly, indirectly, if not now, later on. (Cheers.) He has yet to learn in the field of politics. . .

Mr. R. S. Sarma: I admit.

Diwan Bahadur T. Rangachariar: . . . what to do and what not to do.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): He came to learn to Bengal. (Laughter.)

Diwan Bahadur T. Rangachariar: I will leave those remarks alone and proceed.

My Honourable friend the Finance Member, when he appealed, said that he was doing something for the poor by adopting the suggestion of my Honourable friends in the European Group. Where were those poor when he came forward with his finance proposals? When did he wake up to a sense of the realisation of the evils which he was doing to the poor by his own proposals? Was it not merely a debating triumph which he wanted to accomplish? Sir, the Honourable the Finance Member said—I do not know what he meant, possibly he will explain to us—that he would have adopted parliamentary methods or tactics. . . (*An Honourable Member*: "Manœuvres.") manœuvres as he called them, to carry his point. Luckily for us, the guidance of the debates in this House, the regulation of procedure in this House, luckily as I say does not rest in the hands of the Finance Member or any other of his colleagues. It rests with you as the occupant of the Chair, in whom the privileges of this House are vested. My Honourable friend could have adopted any manœuvres he liked, but he could not control your action, and if he really assumed that he could have so controlled the procedure of this House that he could have defeated our object in carrying the vote against him, I think he is very much mistaken in his powers over this House. I am not unaware of the tactics adopted by Government in getting votes for them and for their views, but I will not follow my Honourable friend's example in throwing any accusations at the Treasury Bench. I will restrain myself, but let me remind him that this is a game in which two can play. Let me appeal to him that he should not easily accuse Honourable Members opposite of any interested support to this measure or that measure. He does his

duty as he deems best according to his conscience, and we do our duty on this side as we think best in the interests of the country, and we should not attribute motives to each other. Public life will become impossible if responsible Members hurl accusations against each other and attribute motives of a personal nature.

I have not much to say on the merits of the amendment. It is a choice between one crore and 2 crores and 34 lakhs. As I have stated already, we honestly consider—we may be mistaken—that it is up to the Government to cut down their expenditure by at least 2 crores and 34 lakhs next year. How they will do it is a matter for them to decide. We know how impotent the Government of India are in dealing with the military expenditure. They are at the mercy of some people across the seas who know so little about the affairs of the country and who know so little about the feelings in this country. You have to obey the mandate from Whitehall to keep up your military expenditure. My Honourable friend the Finance Member did some propaganda work by alluding to our refusal to walk into the parlour of His Excellency the Commander-in-Chief and exchange views with him as to retrenchment. Let me state plainly why we refused to go there. It is one thing to talk with these high officials in their drawing rooms or office rooms and another thing to go to a committee with liberty to examine and cross-examine them, with liberty to ask them to produce their books and documents. It is a different thing to go and meet these exalted personages and listen to their statements when it would be rude to contradict them. What is the good of asking us to walk into the parlour to do business with such eminent personages? If those gentlemen have really facts and figures to convince us, let them place them before a committee, where we will be clothed with regular authority to subject them to that examination and cross-examination which alone will bring out the real truth. That is the real reason why I declined to take part in this proceeding, for I thought it would not be right to walk into the parlour like that. Let my Honourable friend remember that he cannot get debating advantages by merely renewing that offer across the floor of this House, for I cannot but consider that that action of his was merely for propaganda purposes to say, "Oh, these gentlemen are afraid to face facts. That is why they have declined the offer so kindly made by His Excellency the Commander-in-Chief. They are afraid they would be convinced and that is the reason for their refusing it". That was the implication which my Honourable friend tried to convey to this House by making that offer. I repudiate that suggestion. We are not afraid to face His Excellency the Commander-in-Chief or any other gentleman that may come forward, if he will meet us on equal terms, on terms of business and not merely ask us to engage in a drawing room conversation. I may say at once, as I have said, that we are constrained to differ firmly but most respectfully from the views taken by His Excellency on this occasion. With all respect to His Excellency, he had not the time to consider this. The ink had not gone dry on the proceedings of the previous day's debate. I can hardly believe that His Excellency could have been well posted with all the remarks that had been made on the floor of this House, as to why this retrenchment was sought to be effected. The ink was hardly dry on the Secretary's pen, if he uses a pen, in recording the proceedings of this House. His Excellency has recommended this Bill. He might have paid us the compliment of going through the proceedings instead of listening merely to the *ex parte* representations of his advisers,

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however, eminent they may be. If he cared to pay us the compliment of taking a little time in considering the whole question, he might have taken some more time before he rejected our proposal. Our conviction is—we may be wrong—that His Excellency could not have had the time, when he signed this recommendation, to have paid us the compliment of seeing what we have said in support of our proposals, before he gave that recommendation. I will not pursue that matter further. As I have already stated, it is impossible for us to depart from the position we have already taken. We want to exercise our constitutional right and responsibility. Our constitutional right and responsibility is to see that as little taxation is imposed on the people as possible under the circumstances. It has been said that this taxation affects only 300 thousand and odd people. Does my Honourable friend remember, when he wants to belittle the effect of this taxation, what it does mean? What does infliction of additional taxation on trades and professions mean? It means placing a handicap in the way of progress of business. After all India is a poor country. She cannot entirely depend upon agriculture alone. The growing population must have some outlet in other walks of life, and the only thing she has is these petty trades and a portion of the commerce of this country. The Indians who are engaged in these petty trades and commercial pursuits will be the persons affected. They are the persons who really can boast of some wealth, if wealth there is in this country. It is these people who provide labour for their dependents and relations and several hundred thousands of others. It is their earning capacity that we want to protect, not merely the 300 thousand and odd individuals. Your action will paralyse trade and commerce by depriving these men of the means of restoring themselves after the financial crisis they had crossed through on account of lower prices. Do you want to emasculate these petty traders and merchants, who require your protection, however small they may be? The professionals belonging to the legal and medical profession are a handful. We are not thinking of them in voting down this extra proposal for income-tax. We are thinking of the vast number of traders and merchants who have to carry on petty business, and sometimes a moderately large business; they are the persons who will be affected, and, while they urgently need every rupee to carry on their business and to improve their deteriorated position, their business will come to a standstill. So, Sir, the little trade and commerce which exists in this country will be vitally affected. Let us not think of the millionaires of Bombay or the millionaires of Clive Street in Calcutta; they are only a handful; you can count them on your fingers' ends; but what about those hundreds and thousands of petty traders, the shop-keepers, the merchants? Will they not be affected? Now if their business is jeopardised, does my Honourable friend think that he is not doing an injury to the country by means of his proposals? I ask him to consider that aspect of the question, Sir, before he lightly accuses this side that we are trying to protect ourselves. A few hundreds having to pay increased income-taxes or super-taxes does not matter so much, but, Sir, it would also involve great injury to the trade and commerce of the people. Sir, therefore my Honourable friend need not, in placing what he thought excellent arguments before the House, have indulged in those diatribes in which he did indulge. I wish he had not done it. Sir, we are accustomed to fair treatment at the hands of Government, and I hope, Sir, our relations will continue friendly, but I do trust that he will not cast a reflection in

the way which his remarks seem to imply. Sir, as I have stated already, we have debated this at more than two meetings—at separate meetings and at joint meetings—and we have paid our earnest consideration to it; but we feel convinced that we would be doing an injustice if we accepted the proposals of the Honourable the Finance Member. Sir, our proposal was but a modest proposal; and may I once again appeal to the good sense of the Treasury Benches that they will not force this issue on this country? Sir, this is not the time for that. We are all anxious, that we should not on our part commit blunders,—as anxious as we are that the Government on their part should not commit blunders. The other day when we made a demonstration, we felt the Government had made a huge blunder, and therefore we felt it our duty—not because we hold revolutionary views or sympathise with revolutionaries and most of us have no sympathy for them, but because we honestly believe that a political blunder had been committed by the execution that we brought that prominently to notice in that way. Similarly, Sir, we have considered that aspect of the question also. We asked ourselves, are we committing a blunder ourselves in insisting on and persisting in the course which we are adopting. Sir, we have come to the conclusion that we are not, and therefore, Sir, we are obliged to oppose this recommendation of His Excellency the Governor General. Sir, I oppose the amendment. (Applause.)

Mr. President: I should like to ask Mr. Amar Nath Dutt whether he wishes to move his amendment.

Mr. Amar Nath Dutt: No, Sir.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, any recommendation from His Excellency the Governor General is bound to receive respectful consideration from this side of the House. It is no exaggeration to say that we Indians sincerely believe that His Excellency Lord Irwin is one of the greatest friends that India has ever had. (Loud Applause.) But, Sir, the recommendation is really marred by the fact that it is put before us by the Government of India within twenty-four hours of their signal defeat. (Applause.) The only question before us is, what transpired since then? What new facts have been put before us? What new evidence has been adduced before us? What important considerations of policy or of anything else have been placed before this House that the Government should ask us, within twenty-four hours, to alter our verdict? (Loud Applause.) Sir, I listened with every attention to the Honourable the Finance Member's speech. I mean no disrespect to him, but I must say he simply repeated to us the very arguments that he had been advancing before. He had nothing new, excepting perhaps a warning which I will come to later on, Sir—that is to say the Honourable Member or the Government had not thought fit to use parliamentary manœuvres. (Laughter.) That is the only argument that has been put before us. That is the only consideration upon which we are asked to review our decision,—a decision which was not taken in haste but after prolonged discussion,—and certainly the Members of the Government did not spare time or trouble to put forward their case as strongly and as cogently as the case was capable of. I ask Honourable Members who voted in support of my Honourable friend, Sir Cowasji Jehangir's amendment, to tell the House plainly the reasons for a change of opinion if they have in fact changed

[Sir Abdur Rahim.]

their opinion. Sir, I doubt if anybody has. (Loud Applause.) Sir, I say the country will expect them to go into the same lobby with us on this occasion also. (Loud Applause.) Sir, I should be stultifying myself, I should consider myself unfit to take part in the public life of the country if, within 24 hours, I am expected to change my opinion for no reason whatsoever. Is any Honourable Member prepared to face his country, to face his own conscience, if he can behave in such a way and still pose as a representative of public opinion? (Loud Applause.)

Sir, that is one important consideration. Then, there is another consideration. It is no good shuffling figures; we know figures, everyone knows figures; we have been studying figures for days together: Sir, there is no charm in figures. The point is this. We have been stressing the fact all along, that you are not retrenching half as much as you could,—especially on the military side. There is no Indian that I know of who does not believe, and earnestly and sincerely believe, that the military expenditure is far too heavy for this poor country,—and yet the Military Budget practically remains the same as it was before. What is the good of asking us to accept a cut of 60 lakhs, when we are convinced that there are crores which should be cut off from the Military Budget? That is the point. We were asked, Sir, to have a conversation with His Excellency the Commander-in-Chief. I have not had the honour of meeting His Excellency yet, but I have not the least doubt that His Excellency, having arrived in India not very long ago, has his advisers who must have told him that the condition of India is so unsafe that you could not possibly reduce anything from this Military Budget; and I have not the least doubt that a great military expert and authority as he is, he would have told us that this is how he has been faced and that that is his view. Is it possible, can anyone ask us to say that we are in a position to meet him fairly and squarely? Impossible. Then, the condition of this conversation was, it was to be confidential. We all realise that there are a great many military matters which must be kept confidential; but that was not the point and that is not the point we have been making in this House. The point we have been making is that the Military Budget on the whole is far too heavy, and we ask the military authorities, and we ask the Civil Government, to reduce the military expenditure to a substantial extent, to an extent which the country can afford to bear and they alone can do that. We refused to be parties to any conversation which could lead to nothing at all. Then, Sir, the Honourable the Finance Member
 12 Noon. in his speech suggested that we were unmindful of the poor and that we are only thinking of taking care of our own pockets. Now, what is the basis of that charge? The basis of the charge is certain proposals relating to excise and import duty on kerosene oil were passed. Whose proposals were they? Were they our proposals? Did we suggest an increase in these duties? They were the Government's considered proposals, and we were asked to consider them. And how did they carry their proposals? It was by their own official bloc that they carried those proposals. (Applause from non-official Benches.) Is the Honourable the Finance Member justified in turning round and charging us of being unmindful of the poor? Is that a *bona fide* charge? Sir, for many years I have been saying to my colleagues in another Government and to Europeans generally that though you are solicitous for the poor and from every platform you want to convince the world that you alone are the guardians

of the well-being of the poor, may I ask you in all earnestness if you are doing anything for the poor compared to what any other civilized country in the world is doing for their poor? Take England. What has the English Government been doing? They have been building a million or more houses for the poor, giving them gratuitous relief, medical relief, old-age pensions, etc. Then there is the unemployment problem, which every party is seeking to solve. Have you ever even mentioned the unemployment problem of the poor in this country? Is there no unemployment problem in this country? Why, millions are unemployed; they are not given sufficient scope for employment. It is not because the people are lazy or they are averse to work; no one can charge the Indians with that, but no opportunity has been given to them. I come from the province of Bengal, where, as everyone knows, people cannot get even pure or uncontaminated drinking water. We have been impressing this on you but you do not find money even for digging proper wells. Look at the huts they live in. Look at the ravages of malaria and cholera and scores of other diseases, and yet you say that we do not think of the poor and you do. In the face of all this, can you say that this is your sole privilege and your sole occupation? I am very sorry to have to make these remarks, but I think the Honourable the Finance Member was very ill-advised in embarking upon such a course of argument.

One word more, Sir, and I have done. He has also been suggesting, at any rate, some Members on the Official Benches have been suggesting, that they alone are responsible for the well-being of the poor and we do not feel the responsibility. Do they not realise that most of us, if not all of us, come to this Assembly at a great personal sacrifice and personal inconvenience? Why do we do so? What reward are we seeking? What remuneration do we expect? It is only the sense of responsibility to our own people that brings us here, and to be taunted by any one that he alone feels the responsibility for the people of India and not we is simply intolerable.

Sir, whatever parliamentary manœuvres the Honourable the Finance Member was thinking of, I should like to ask every Honourable Member who went into the lobby against the Government day before yesterday to tell us publicly the reasons that induced him then to vote with us and against the Government, and also what induces them today to change their mind. We are entitled to hear that openly in this House. That is the appeal I should like to make to every Honourable Member if he is going to change his opinion.

Sir Hugh Cocke (Bombay: European): Sir, I can well understand the feelings of Honourable Members who, after having carried somewhat fortunately, perhaps a little unexpectedly, a motion against the Government, depriving Government of 285 lakhs of revenue, have placed before them a day later a recommended clause which seeks to upset that verdict of the House. But having said that, I return to the hard facts of this matter and the business aspect of it, from which I am never able to divorce my views, and come down to the actual position. Before I do that, there are one or two remarks I should like to make on the general field of the discussion which has been opened up. The Honourable the Leader of the Opposition referred earlier in his speech with sympathy to the difficulties of the Governor General in ruling this country at the present time. Those difficulties are well known. They are not merely political; they are not merely communal; but they are financial and economic.

[Sir Hugh Cocke.]

And it is unfortunate at this particular time, when we are here considering the financial and economic difficulties, that the Government's proposals should have been so seriously affected from the point of view of balancing the Budget, bearing in mind their other difficulties also. I think Members of this House would have been better pleased if, in view of the difficult situation in the country, it had been possible to pass this Finance Bill without the difficulty which has arisen. But, Sir, that has not proved possible and we have got to take the situation as we find it.

Now, what, very briefly, is the situation? We know very well that Government introduced very largely increased rates for taxation of incomes and the verdict of the House the other day was to put back those rates to something roughly halfway between what they were last year and what they were as brought in by the Finance Bill. And it was urged, and has been urged again this morning by the Leader of the Opposition, that those reductions were essential in view of the state of the country rendering people unable to pay. Well, I realise very fully the state of trade and business in this country, but I cannot help returning to the argument that I have advanced before—I do not want to give offence to anybody—but it really comes down to this, that if additional taxation is to be raised, it has to be put on the shoulders of those who are able to bear it. No one would dissent from that proposition. The only point is whether, apart from the fact that many Honourable Members think that Government could fill this gap by retrenchment, a point which I will take up in a minute, the only question is whether the rates which have been recommended and which are now before the House are reasonable or are not. Taking the ordinary small trader who has been referred to this morning, the small business man earning, we will say, Rs. 5,000 per annum (or rather Rs. 4,999) by his small business or shop, he used to pay at five pies in the rupee and that five pies cost him Rs. 130 a year. The Government brought in a rate of nine pies which pushed his Bill of taxation up to Rs. 234, roughly an increase of 80 per cent. The amendment of Sir Cawasji Jehangir brought the taxation down to five pies in the rupee again, leaving the small trader where he was before. A point that has got to be urged, when one comes down to the question of the burden, is the fall in commodity prices which has undoubtedly benefited the expenditure of every one in the country to some extent. Now, the recommended measure puts that rate up to six pies and the small trader earning Rs. 4,999 a year is asked by that recommended measure to pay Rs. 156 against the Rs. 130 he paid last year. Well, now, if that is not unfair, it follows that the other increases are also not unfair and therefore, on the actual rates before the House, I do not think the House can really say that the rates proposed are a burden on the small trader. Those of us who have something to do with income-tax administration know very well that in practice the salary earner pays his full tax, but the small merchant very rarely does, because as Honourable Members know very well, it is a very difficult matter in this country to get at the correct figure of profits of the small trader, and undoubtedly there is a good deal of avoidance on the part of the small traders. That is a point to be borne in mind when we come to this House and plead the cause of the small business men in India.

Now, I come to the other point. It has been held by the House, and I think it is their main point, that Government ought to accept this cut of 235 lakhs on the ground that they could fill the gap by retrenchment.

The Honourable the Finance Member, on the other hand, has only been able to find, with considerable difficulty, roughly one crore of rupees, and therefore, the position before the House amounts to this. Are we prepared to force the Government to fill the gap if they can, and, if not, to leave it open with an unbalanced Budget? In view of the explanations we have had, and particularly the point that to cut down the military expenditure further this year is a matter of policy, which ought to be left to the Round Table Conference, it seems to me that we cannot justify the argument that the Government can find 235 lakhs. We should have been quite prepared to join our friends, as they will know, in forcing the Government a little further, and we told our friends that if Mr. Amar Nath Dutt should propose his amendment, we should have supported it on the distinct understanding that the House would go no further and we should support the recommended measure subject to that modification. We are convinced that it is not easy to fill this gap, and in fact, I do not believe for a moment it is possible, because, although we can urge upon the Honourable the Finance Member that commodity prices are still falling, that there may be very good rains, that the Round Table Conference may assist further the settlement of the constitutional problem, that the communal problem may be settled, although we can urge all these, yet all these are possibilities which no Finance Member is justified in reckoning on. He must take hard solid facts, and therefore, I say, to ask the Honourable the Finance Member to back a Budget deficit by those possibilities, and force him to accept this extra crore or more of reduced taxation, is not one, we, on these Benches, are prepared to support. I repeat that it is a matter of very great regret that this upheaval in the Finance Bill should have arisen and it would have been a very much more happy settlement if it had been possible to pass this Bill through with some amendment which we could have supported. We were very anxious to go into the lobby with the Opposition in this matter and force Government's hands to a reasonable extent; but the whole point is, are we forcing them to a reasonable extent by rejecting this recommended measure and asking them to abide by Sir Cowasji Jehangir's figure? I really do not think we are. We have given our best judgment to this and we support Government in putting through the taxation which they desire. (Applause.)

(Diwan Bahadur Ramaswami Mudaliar and Sir George Schuster both rose.)

The Honourable Sir George Schuster (Finance Member): If my Honourable friend Mr. Mudaliar would permit me, I would just say a few words.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): I have not the least objection.

The Honourable Sir George Schuster: I have only just learnt that, according to the rules of procedure, I have no right of reply to this debate. I had been sitting here throughout under the impression that I should be able to reply and for that reason I did not interrupt either my Honourable friend the Leader of the Opposition, or my Honourable friend, the Leader of the Independent Party, when they referred to certain remarks which I have made. But I understand that you would not object to my making a purely personal explanation and not dealing in any way with the merits of the case or taking upon myself the making of a speech, which could be construed as a reply.

Mr. President: The Rules and Standing Orders do not permit the right of reply to the Mover of an amendment and the Chair does not propose to make any distinction amongst Honourable Members of this House (Hear, hear). The Honourable the Finance Member will not have any right of reply on the debate as the Mover of the amendment. If the Honourable the Finance Member wishes to make a personal explanation within the terms of the Standing Orders, I will allow him to do so.

The Honourable Sir George Schuster: I shall be very brief, and I hope the House will recognise my difficulty in complying with the exact terms of making a personal explanation, because if I were to explain my position fully, I should find myself launched into making a speech. Therefore, all that I will say is this. It has been suggested already by two speakers that in one or two of my speeches, I made implications against certain Honourable Members on the other side which imputed to them personal motives in what they said or in the way in which they voted. Sir, I wish to make it as clear as I possibly can and free from any sort of doubt that I never intended to make any sort of personal implication. My Honourable friend the Leader of the Opposition has, I think, made it easy for me to explain my position when he said this; that he in dealing with us, who sit on these Benches, or other speakers on that side in attacking us who sit on these Benches, was not making a personal attack. He suggested that the attack was aimed at the system of Government which we, as individuals, represent and never was intended as an attack on the individuals themselves. Sir, I am glad to have that explanation, because, I am sure my Honourable friend will agree with me that even for us, and knowing what lies behind the words, it is sometimes difficult to distinguish between what is meant for a personal attack and what is meant for an attack on a system. I have to sit here for many days listening to speeches which very often sound like personal attacks. However, Sir, I accept that explanation, and what I want to say in reply is that if I suggested at any time that I was trying to distinguish, as I put it, between the true voice of the public and the real public demand of the representatives of sectional interests, that represented a genuine thought and a genuine difficulty in my mind. If I referred to sectional interests I meant no more than that, and I meant that we had to try and arrive at what is a just scheme of taxation and not be influenced by the interests of particular classes. If any Honourable Member speaks for a particular class, he is entirely within his rights in doing so; in fact, it may be very often his duty to do so. And the idea that he, in speaking for a class, was thinking of his own interests or his own pocket is something which is entirely foreign to my mind. If I said anything in the heat of the moment, as my Honourable friend said, which conveyed a different impression, I wish fully to withdraw that impression and make it quite clear that I intended nothing of the kind.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, the Honourable the Finance Member has been graciously pleased to accept the apology of the Leader of the Opposition. That is how I read his words. (*Cries of "No, no."*) It is not as if the Finance Member has fully realised the implications of the words he uttered yesterday and the day before. He started by saying that he was glad to have the explanation of my Honourable friend the Leader of the Opposition that no personal insult was ever offered to any Member of the Government Bench

The Honourable Sir George Schuster: My Honourable friend is entirely misinterpreting what I said. What I said was that in the very kind speech of my Honourable friend the Leader of the Opposition I found an explanation which helped me to make an explanation on my own side. Having got his explanation I thought that if I picked up his point it would be easier for me to make Honourable Members opposite understand what was in my own mind. But I never suggested for a moment that my Honourable friend was making any sort of an apology, nor did I ever suggest for a moment that any sort of apology was needed.

Diwan Bahadur A. Ramaswami Mudaliar: I am glad to have that assurance. We had a very painful impression while my Honourable friend the Finance Member was speaking that, so far from withdrawing what he said on the previous occasion, he intended to thank the Leader of the Opposition for the apology he conveyed to him that no personal attacks was intended on the Members of the Treasury Benches.

Sir, I should like to refer to the speech of the Honourable the Finance Member. I am not going to dwell on the fact that he has cast any aspersions. But to be fair to us and to understand our point of view I should like the Finance Member just to have his own words recalled to his mind in as rough a way as I could get from a newspaper publication. Fortunately for me, it has put in the extract in quotation, in the direct form :

“Sir George Schuster replying said :

‘I find our main difficulty is to distinguish what we can regard as the true voice of public opinion speaking to us through the representatives of the public. I have tried to distinguish what I may call the true voice in the interests of taxpayers in general and of those who are hard hit in respect of their own pockets.’”

Now, Sir, these words did create a very painful impression for two reasons; in the first place because

The Honourable Sir George Schuster: Sir, may I interrupt my Honourable friend? Of course these are not my exact words, but I think my exact words make the point a bit clearer, and the explanation I have given, I think, fully explains what was in my mind in using those expressions.

Diwan Bahadur A. Ramaswami Mudaliar: I shall not pursue the matter further. We unfortunately have not got the exact words before us because the official copy is not with us. We can only go by as accurate a report as we thought we could obtain regarding the words of the Finance Member. I shall leave the suggestion about the pockets of Honourable Members being touched, and I should like to pursue further the suggestion about the true voice of public opinion. Sir, it seems to me that the Government—I will use non-personal words—the Government are taking a very high position indeed if they try to sit in judgment and try to balance with a nicety what they call true public opinion and what they say is not true public opinion. I do not think Government can take up that high and mighty attitude with reference to any criticisms that are addressed from this side of the House, and say that this is the opinion that they consider

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as true and real, voicing forth the public opinion of the country, and this they consider as the camouflaged voice which is not the voice of public opinion of the country. In the present case the Finance Member's defence has not improved the position very much. He tried to tell us that we were not fair to the poor consumers and that we were anxious to help only the rich in trying honestly to avoid the income-tax proposals. May I draw my Honourable friend's attention to the statement that he made when we took up the question of the reduction of the import duties on kerosene? I heard a very different tale from the Finance Member on that occasion. I remember to have heard the echoes and the great strength of feeling with which the Finance Member told this House that the incidence of taxation by this increased rate was very very small, that millions of kerosene oil consumers were concerned in this, and that for a whole year the additional amount that they might have to pay would not be more than half an anna. I believe that was the statement which the Finance Member made. In spite of that, Sir, because we felt that the poor consumer had to be protected and because we knew that he was going to be affected much more than by the half anna that my Honourable friend proposed, we went into the lobby, 47 of us, and it was only by a margin of 7 votes that the Government was able to defeat us. Is it our fault . . .

The Honourable Sir George Schuster: My Honourable friend may realise that the kerosene tax is not the only tax that affects the poor people. There are other taxes which were passed without a division and which affect them very much more heavily.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I have gone very carefully through the customs tariff. My Honourable friend refers to it. I may omit as being out of account things like ale, beer, wines, cigars, cigarettes and a host of other things, and I think I will pin him down to those schedules to which a brief reference is made in this particular schedule where cloth and other textiles are referred to. Now, Sir, the policy with reference to cloth, foreign piece-goods and other textiles is a very different policy from what the Finance Member has laid down regarding the poor people. The poor man is not pledged to take foreign cloth, and at the present moment when there is a strong agitation and propaganda for the consumption of indigenous cloth, the consideration of levying a heavy customs tariff on foreign cloth stands on an entirely different footing from considerations of levying a tax on kerosene or on petrol. Even with reference to petrol we waived the right to move an amendment because we thought that the poor are not so much affected as the rich. I want to ask the Finance Member whether he does not realise that, in dealing with his extraordinary proposals for additional taxation, this side of the House has been considerate and over-considerate. The Finance Member has taken credit for the fact that he has responded as far as possible throughout the course of the debate to any demands that have been made by this House. Has there been a want of responsibility and want of responsiveness from this side of the House? Let the Finance Member cast back his memory a year and try to visualise the scene that took place in this House when differential tariffs were proposed to be put, when there was one tariff proposed to be put on foreign goods and a reduced tariff on British goods, scenes that occurred in this House, the

walk-out that followed, the tremendous political embitterment that ensued on that occasion, the feelings that were strained and the tension that was the inevitable result on that occasion. And will my Honourable friend see that on this occasion, without a whisper, without a murmur, without any sort of protest against the continuance of that differential taxation, just because we are as anxious to evolve a peaceful atmosphere for a consideration of constitutional questions, the whole of that was slurred over, and no Member even attempted by way of an amendment to vary that rate of taxation but acquiesced in this principle of differential tariffs and of Imperial preference? My Honourable friends on the Government Benches—and that is my accusation and my complaint—give us no credit at all for the great effort that we have tried to make in every direction possible to meet them as far as possible. On the other hand they try to say that ours is not the voice of true public opinion. My Honourable friend the Finance Member said that the Government have no constitutional course open to them to test public opinion. Is that a fair offer? I should like the Finance Member to apply the constitutional measures that are open to him to test public opinion. Dissolve this House today; stop the progress of the Finance Bill,—we are prepared to go out into the country and to our constituencies on the issue of your Finance Bill—get a new Legislative Assembly and get from that Assembly the vote that you have not been able to get from this Assembly.

Mr. R. S. Sarma: On the Finance Bill or the income-tax alone?

Diwan Bahadur A. Ramaswami Mudaliar: I do not wish to make any distinctions between nominated and elected Members. (Laughter.) I know that there are a good many true men among the nominated Members; and I will therefore not take notice of interruptions, though I may assure my Honourable friend that he may rest confident that his nomination to the next Assembly is as secure as it always has been. (Laughter.)

That is a fair offer that I would like to make it quite seriously. If the Honourable the Finance Member thinks that public opinion is behind him on this 15 crores of additional taxation, let him take courage in his hands, stop the progress of the Bill for the time being, get a new Assembly and get that Assembly to pass your Finance Bill.

Now, Sir, repeatedly in the course of his speech he tells us that a very bad impression would be created both in this country and abroad if the Members representing popular constituencies in this House were to vote for the reduction of his income-tax proposals which affect the rich. I shall leave aside for the moment the impression in this country; we are going to face that impression; we are going to go back to our constituencies; we have not come here for the last time; we are going to try our fortune at the ballot box on an occasion not very long from today; and therefore my Honourable friend need not concern himself about the impressions in this country. But what exactly does he mean when he talks of impressions abroad? Who are those people abroad about whose impressions we are asked to be cautious? Is there a suggestion behind those words, that at the further stages of the consideration of the constitutional development of this country, an argument might be built up that this House, moderate as it claims to be, has yet been so irresponsible that no powers can be safely guaranteed to this House? What is the impression abroad, I ask the Honourable the Finance Member, which he had in mind when he made that statement? Did he refer to Kamtchatka or Timbuctoo, or

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did he refer to London and the possibilities of arguments being advanced there against us regarding our competency to deal with financial questions of our country? I venture to think that these are arguments which will not frighten us. We are not babies; we are not children; we have taken courage in our hands and tried to be as moderate as possible with reference to this motion.

What is this one crore reduction that my Honourable friend the Finance Member has put before us? Rs. 60 lakhs of it comes because the mechanisation proposals in the Army are postponed for the time being. The balance comes because the surplus of 34 lakhs is swallowed up—there will be no surplus at all—it will be thus a balanced budget; therefore the retrenchment to the extent of Rs. 1 crore that my Honourable friend Sir Hugh Cocke insisted upon is not one crore of real retrenchment, but only a postponement of expenditure to the extent of 60 lakhs for a further day. I put this position before the Finance Member. If you see that the milch cow becomes dry, if you have your taxation proposals up to these extraordinarily extreme limits, what is to happen to the future Government which will come in your place and carry on the administration of the country? At the present moment you have a certain expenditure to meet. It has been said that the peak has not been reached and next year automatically there will be a further increase in expenditure owing to the scale of salaries going up. What will you do next year? Where is this additional taxation to come from? I trust my Honourable friends of the European Group will appreciate it and force the Government to retrench, to make real retrenchment and not to come forward with this camouflaged retrenchment. We showed that the retrenchment of 178 lakhs in the Army was a camouflage; and we say again that this retrenchment of one crore is an additional, a further camouflage; and I appeal to the business man who always refers to his capacity, to realise whether this is a business retrenchment which in their own offices they would call real retrenchment, or whether it is merely postponing an expenditure, which means no retrenchment whatsoever. We suggested in the course of private talks to the Finance Member, that there might be a slowing up of the drafts that come to this country of British soldiers. I read in the speech of the Right Honourable Minister in charge of the Army, made in Parliament, that there was a reduction of 10,000 in recruitment of British troops in the year, and he went further and said the whole benefit of that 10,000 reduction will go to the British treasury, because exactly the same amount will be kept in India. I ask, why should we not get the benefit of the reduction—at least a portion of it? Why should we not get a reduction of 5,000 troops in the personnel of the Army in this country and let the benefit of 5,000 go to the British exchequer? Why should it always be that India, over-taxed as it is, should have all the disadvantages? The entire British personnel is fixed; we are not going to alter that; this is not a proposition whereby the ranks of the Army are going to be reduced. You are not going to get 10,000 people this year; why should the benefit of that cut go entirely to the English exchequer and why should not the Finance Member, and through the Finance Member the Government of India, put pressure on the English Government to give us the benefit of at least half that amount?

My Honourable friend said, "What more could be done? We have done everything possible; retrenchments cannot be carried out in a day, and therefore this House as a business body should accept the proposals of the Government." Some time back there was a discussion in this House regarding salaried services and the possibilities of reduction of salaries. My Honourable friend the Leader of the Opposition raised this question in the general discussion. I said that personally I was agreeable to keep a basic pay for salaried servants and not to interfere with it. The Finance Member said on that occasion that if we examined the reductions in salary made in other countries closely, we would inevitably come to the conclusion that these reductions were in allowances and he was also pursuing that line of inquiry with reference to our Government. Now, I suggest that that the Finance Member may do well to read—and I daresay he has already read—legislation urged by way of proposals of various Dominion Governments; and he will then realise what the position is with reference to salaried services. I should like to refer first to the Commonwealth of Australia, and I place before the House and the Finance Member the same proposals which various Governments in Australia have been able to carry out during the last year, owing to the fact that their Budget was exactly in the same position as our Budget is today. Let me take the Government of Australia. The Prime Minister says:

"It was proposed to impose special taxation on the allowances of Ministers and Members of Parliament and on salaries of Government employees which exceeded £725 per annum. In the case of Ministers the tax would be 15 per cent. Allowances to Members of Parliament would be subject to a tax of 10 per cent."

And here I may say that we are willing to have a cut of 10 per cent. or even more in the splendid allowances that we non-officials on this side of the House are getting today:

"As regards Government employees, where the salary exceeded £725 and did not exceed £1,000 the rate of tax would be 10 per cent. Where salary exceeded £1,000, but did not exceed £1,500, the tax would be 12½ per cent. Where the salary exceeded £1,500, the rate would be 15 per cent."

The proposals submitted provided for an annual benefit to the Budget of £8,000,000." *(That included some other proposals also.)*

Now, let me come to another State in Australia—Victoria. The Prime Minister says in introducing his Budget, and I ask the Finance Member at least to read these things, so that some time in the future he may possibly think whether it will end in fruition or not of similar proposals:

"He had intimated, when submitting the Budget, that he was negotiating with the Public Service regarding a voluntary percentage reduction of salaries—*(not of allowances)*—The Public Service Association had informed the Government that they had now agreed to percentage deductions of their salaries without any conditions at all. The Government had accepted the offer. The deductions would begin at 5 per cent. at the basic wage in the case of married men, and at the adult wage in the case of unmarried men and women, and they would rise by ½ per cent. for every additional £50, so that at £500 the reduction would be 7½ per cent. At £950 the reduction would be 10 per cent., and the rates would continue rising by ½ per cent. for every additional £50. The reductions would amount to about £180,000 or £2,00,000 per annum."

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Let me make a present of another State which is similarly situated. In Queensland an Act has been passed, the Salaries Act; this Act which was assented to on the 26th September, provides as follows:

" Salaries over £1,500	15 per cent. reduction
" " £1,100 to £1,500	14 " "
" " £ 800 to £1,100	13 " "
" " £ 600 to £800	12 " "
" " £ 400 to £600	11 " "
" " Under £400	10 " "

These are some of the ways in which Governments, which have a sense of responsibility to the public, which can appeal to the country, which can be thrown out by a verdict of the ballot-box, have employed with regard to balancing their Budgets. Sir, I venture to think that this Budget, which has been introduced, cannot possibly be supported by us and the only course open to us is to stand by the decision that we have already arrived at. My Honourable Leader has pointed out in very clear terms that no facts have been advanced at all to justify us to change that decision, and that a very heavy responsibility will rest upon any Member who now goes back upon that decision to justify his position and to say what new arguments have been advanced to justify him to change that decision which we have already arrived at. I do not want the House to have any misconception as to the fact that this amendment, being a recommended amendment of His Excellency the Viceroy, ought therefore to be given a special sanctity. His Excellency the Viceroy has clearly said that it is a proposal of his Government, I invite attention of Honourable Members to that particular passage:

"In making this recommendation to the House I have sought to reconcile to the best of my ability the necessities of the public service with the expressed desires of Honourable Members, whose earnest attention I accordingly invite to the revised proposal of my Government."

The proposals are of the Government of India, and I therefore think that they have to be considered on their merits without importing into them the undoubted respect which every one in this House feels towards the person and towards the great work that His Excellency the Viceroy has done for us and for this country. I do not think anybody in this House need be told that we are all unanimous in our view that His Excellency has earned the untold gratitude of every Member of this Assembly and of every citizen of this country. I do not think that anybody on the Treasury Benches has even that amount of regard and that amount of high veneration and respect for His Excellency the Viceroy which we non-officials have. Therefore, let me assure the House that it is not with any intention of treating with slight or disrespect the recommendation of His Excellency the Viceroy but of examining on the merits the proposals of his Government that I invite the House to stick to the decision which we have already come to.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): I move, Sir, that the question be now put.

Mr. President: No, I cannot accept the closure. As today is Friday, I propose to adjourn the House now till a Quarter past Two.

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

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

Mr. N. M. Joshi (Nominated Non-Official): Sir, the situation that has been created by the action of the House as well as by the action of the Governor General is to me both puzzling and painful. It is surprising that a section of the House, which is supposed to be democratic, should have swallowed, as the Honourable the Finance Member said, taxation by way of customs duties to the amount of ten crores of rupees, and should have succeeded in reducing income-tax for a much smaller amount. Judging by the nature of the House, I quite admit that it is natural that the proposals of the Government for an increase of income-tax rates should have been defeated. This House, I mean the elected section of this House, is elected by constituencies which consist of well-to-do agriculturists and the payers of income-tax. (*An Honourable Member*: "No, no.") Judging from that point of view, the result has been a natural one. But, I am quite sure that the elected Members will agree with me that, although they have been elected by a small section of the population, they are expected not to represent only those by whom they are elected, but to represent the whole country. But I feel that the House has failed to do its duty towards the whole of this country.

(At this stage Mr. K. P. Thampan rose in his place to interrupt the Honourable Member.)

Mr. President: Does the Honourable Member wish to give way?

Mr. N. M. Joshi: No, Sir. If the Honourable Member will be a little more patient, I am quite sure he will find nothing in what I say for which he will blame me. I am only speaking the truth. Some Members of this House, and I say only some, did not realise the fact that they owed a duty not only to those people by whom they were elected, but towards the whole country. I do not blame all the elected Members for having failed in their duty. I have seen a very large number of them voting against increase in the customs duties, and having seen that, it will be wrong of me to say that every elected Member has failed to do his duty. But the fact remains that some elected Members have failed to do their duty towards the people of this country.

When I look at the attitude of the Honourable the Finance Member, I am equally puzzled. I listened to his speech very carefully and I was impressed by the fact that the Honourable the Finance Member made an admission towards the end of his speech that his proposals for income-tax pressed heavily, perhaps unfairly, against the lowest section of the payers of income-tax. I therefore feel that if some Honourable Members have voted against his proposals, the blame at least to some extent lies upon him, who, although he felt that his proposals were not quite just, did not bring forward proposals before the House which in his opinion would have been just to all sections of the payers of income-tax. Moreover, I feel that the House has taken a decision; it may be right or it may be wrong. In my judgment, it was a wrong decision, but when the decision has been taken I feel that the Governor General was wrongly advised by the Honourable the Finance Member or by his advisers to recommend the Bill and ask the House to pass it in the recommended form.

[Mr. N. M. Joshi.]

Sir, the power of recommendation is given to the Governor General in order that, if the House either by mistake, or because of some other reason, has done a serious wrong, or if the consequences of the decision of the House will be very serious, the Governor General may use his special powers. But, Sir, I feel that the action of the House does not justify the action of the Governor General. After all, the action of the House has deprived the Government of India of a revenue amounting to Rs. 2 crores and a few lakhs. The Government of India themselves are willing to accept a cut which is somewhat smaller, but the difference is not so great that the Governor General should have used his special powers for this purpose. I feel that the situation is painful because this special action has to be taken by the Governor General, who is regarded by all sections of the House, as well as, if I may say so, by the whole country, as one of the greatest Governor Generals that this country has seen. (Applause.) That Governor General is on the eve of leaving this country, and I feel the action of his advisers in advising him, especially at this time, to take a course which may be regarded as flouting the opinion of this House was very unwise. I feel they could have avoided this course. I am sorry they did not avoid it. Sir, as the House is constituted at present and as the Government is constituted at present, a situation like this is bound to arise from time to time. The real remedy for avoiding a situation of this kind in my judgment is to change the constitution of this House at the earliest moment. If you have a constitution in which only a very small section of the country will be represented, you are sure to get at least some occasions when the interests only of a small section of the country will be protected and the interests of the larger section of the country will be jeopardised. I feel therefore the real remedy and the permanent remedy for a situation of this kind is to constitute a House in which all sections of the country will be adequately and properly represented. I am not unmindful of the difficulty of the Honourable Member who interrupted me. The elected members are asked to get themselves elected by a section of the country and they are at the same time expected to protect the interests of the whole country. I myself feel that difficulty in this House. I am supposed to represent the interests of the working classes. Sometimes I get a slip by mistake from my friend Mr. Boag, reminding me that I should be present in the House punctually. I am not generally unpunctual. I do not need a reminder but a reminder is perhaps sent to me by mistake. Sometimes a slip is put in my hand to tell me for whom I should vote during a certain election. I give these notes their due. I send them to the waste-paper basket, because, Sir, I am sent here not to represent a certain section of the House, but I am asked to represent here the working classes of this country. I am not therefore unmindful of the difficulties of the Honourable Member, I do not blame him, but certainly it is my duty to point out that the real remedy for a situation of this kind is to constitute a House in which all classes of people will be adequately and properly represented. Sir, I have done.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, after the very dignified and firm stand taken by our leader, Sir Abdur Rahim, we on the Benches behind him need not say a word more, but I wish to assure him and the House that we stand by the flag

and will not surrender. I know in whatever form these proposals come, we shall stand again by the flag and we will not surrender. It is said that the Government have gone to a certain extent in trying to make a reduction in expenditure, but I wish to tell this House that there is no retrenchment in the proposals made by the Government. If you look to the one crore of rupees proposed by the Government, I wish to say that 34 lakhs are only the balances left and I would respectfully ask the Leader of the European Group and the Finance Member whether they call that retrenchment. Another sum of 20 lakhs within this one crore of rupees is said to be a reduction. Those 20 lakhs are, I understand, the sum set apart for certain aviation construction. That again I say is not retrenchment. It is said that about 60 lakhs of rupees would be retrenched in the Army expenditure. I ask again whether the mechanisation proposals is retrenchment? I firmly say that out of this crore of rupees which Government propose to reduce, there is not a single item which can decently be called retrenchment. Our complaint against the Government is that there is no willingness on the part of the Government to retrench. Out of the 234 lakhs proposed to be cut under Sir Cowasji Jehangir's proposal, only 134 lakhs, according to this calculation, could be considered retrenchment proposals of his. I wish to convey to His Excellency the Viceroy that we are willing to co-operate with his Government, but this Government does not show a willingness to retrench even a little and co-operate. I wish to point out that there are nearly 98 Demands in the Budget. I do not take any particular item, but on an average if you take one lakh of rupees, from each item, one crore could be made by retrenchment. For instance, if you turn to page 23 of the Military estimates, you find here an item like this, "Medical Service, due chiefly to revision of pay of Assistant Surgeons". Is this the time for revision of pay? This is only one instance. There may be hundreds of instances, and I would like to ask the Finance Member whether it is necessary that we should be forced to find the money to meet the expenditure under these circumstances. India is not the only country which is faced with a deficit Budget. All the world over there is trade depression and Governments are faced with deficits. You find Governments responsible to the people retrenching largely, but here we do not find the Government retrenching even a single rupee; and therefore I wish to convey that it is the desire at any rate of this side of the House that we shall stand by our decision. We wish to maintain the honour and sustain the dignity of our position. With these words, Sir, I oppose the motion.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadian Urban): Since the Honourable the Finance Member has already, in very clear terms, told us that he meant no reflection on this House or on individual Members, in his remarks the day before yesterday, I do not desire to labour that point, but I would respectfully ask him to read over his speech again in cold blood and then if he finds that even from the very first few lines of his speech we had justification for coming to the conclusion that the Honourable the Finance Member was making a reflection even upon individual Members of this House, I am certain he will take steps to see that they are not entered in the proceedings. We fully accept his explanation, and I have nothing further to say. But I cannot help saying one thing more with regard to the whole tenor of his speech—that it has had a most detrimental effect from Government's point of view upon this part of

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the House. The effect is that even if he had any chances of getting the support of this House for his revised income-tax proposals, he has lost that chance by the speech he delivered the day before yesterday and the one yesterday. Sir, going into the merits of the subject, he drew our attention to the fact that we had voted 10 crores of taxation which fell upon the poorest classes of the people. With the exception of the kerosene oil tax and the additions to the protective duty, now for revenue purposes, on cloth, I should have expected him to analyse his own proposals and to have shown to us conclusively that all that taxation was going to fall upon the poorest classes. With regard to kerosene oil, my Honourable friends have explained the position. It was his persuasive words, his more effective figures, and the battalions behind him walking into his lobby that prevented his losing a crore of money with regard to his taxes on kerosene. It is not our fault. If he would eliminate the kerosene oil, let him cast his eye through all the Schedules and on another occasion let him analyse them, and let him give us a clear indication of what the incidence of taxation will be on account of our having supported his own proposals. Now, Sir, he has told us with regard to the income-tax that the burden should be borne by broad shoulders. I am quite prepared to accept that maxim. But let us examine how far it is correct with regard to his original proposals. Does he call men drawing Rs. 170 to Rs. 300 or Rs. 400 a month rich in these times? Whether they be petty traders, or whether they be clerks in private employ or in Government employ, in these hard times does he call them rich men? They are a section of the population of this great country which is suffering the most. It is all they can do to make both ends meet. Their standard of living is higher than that of the poorest classes; and the higher the standard of living—and we do want them to go in for a still higher standard of living—the greater the burden you place upon them by increasing their income-tax. From that point of view, let us see what my Honourable friend's proposals amounted to. For those drawing incomes between Rs. 2,000 and Rs. 5,000 a year he wanted them to bear a burden of an additional Rs. 73 lakhs, which was an 80 per cent. increase in their income-tax. We insisted upon cutting it out. In respect of the class drawing an income of between Rs. 5,000 to Rs. 10,000 we wanted to cut out 46 lakhs from the additional burden. From the next grade up to Rs. 15,000, we wanted to cut out Rs. 23 lakhs; and in the highest grade—I will not tire the House by reading all these figures—for incomes of a lakh and over, we cut out the colossal sum of Rs. 5 lakhs,—that is, from the broad shoulders quoted to us by my Honourable friend! My proposals relieved that class by five lakhs of rupees! Is that a colossal amount? And that was done to keep an even gradation. I would like to give him a present of that five lakhs of rupees straight away if he will accept our proposals. Sir, therefore, if you will but analyse our proposals as they stand, you will find that we are trying to give relief to the income-tax payers who are the hardest hit, who will really feel the pinch by this taxation, and who will have to economise in their daily lives. A two per cent. cut in one's income, is no small amount to a poor man; and according to my Honourable friend's own proposals, he only increased 4.76 per cent. on the highest incomes. Was that equitable? Was that making the broadest shoulders bear the burden? And if that is the test, and I agree that it is the test, I contend that

our proposals will stand that test more successfully than those of my Honourable friend. Let him apply his own test to his own proposals, and he will find that he will have to cut down the income-tax by the amount we have suggested. We are not here to protect our own interests. We are here to protect the interests of the people who feel the pinch the greatest, and I contend that it is the poorest income-tax paying man in this country who is feeling the pinch the greatest. My Honourable friend, the Finance Member, can ask, if he chooses, his own subordinates in his own offices, and if they do not corroborate what I tell him, he is welcome to stick to his proposals.

Sir, there is one other aspect of the case that my Honourable friend alluded to; he appealed to us to consider what public opinion will have to say on our proposals. I am going to follow the example of my Honourable friend, Diwan Bahadur Mudaliar, and not talk about public opinion in India, because I feel we have a greater right to talk about public opinion in our own country than the Honourable Member; and if the Honourable Member wants to know public opinion, he had better take it from those who are sent here to represent the country. But if he chooses to take it privately, I would warn him that he will be misled. When he referred to public opinion outside this country, he probably, was referring to England; he wanted to say in plain words that our proposals would be further evidence of our unrepresentative character in this House, that we were trying to relieve ourselves of the taxation placed upon us at the risk of the financial stability of the country. That is what he was trying to tell us. I am prepared to take up the challenge. Let my Honourable friend place before the public in England the case fairly and squarely. Let him tell them that in times of peace, with better prospects ahead, his proposals for taxation included a rise of 39 per cent. in the income-tax in this country! Let him tell the British public that,—and I would like to hear their answer. A 39 per cent. increase in your income-tax! That was the proposal of my Honourable friend in times of depression, of such depression as we have never seen before. Let him tell the British public also that this Honourable House was prepared to concede him a 19 per cent. rise in the income-tax. And if those facts do not appeal to the public in England and if they are still prepared to criticise us for the action we are taking, then I, as a humble Member of the Opposition, am prepared to take my share of responsibility for having moved this cut. I only want the facts to be clearly stated. Is there any country in the world, I appeal to my Honourable friends, where the Finance Member in these times would dare to propose an increase of 39 per cent. of your income-tax at one fell stroke without there being a war? Has it been ever heard of, and is it not complete evidence of our leniency—shall I say good nature—that we are prepared to agree to a rise of 19 per cent. in these hard times? (*A Voice*: "It is our weakness.") But the Honourable the Finance Member is not satisfied.

Sir, I am really sorry to say that his speech has had an adverse effect on these Benches in another direction. We all remember the offer he made of appointing a retrenchment committee and including the Army within its scope. It is my painful duty to say that my Honourable friends behind me are now considering whether it is worth while accepting that offer. I speak on behalf of the two Parties who sit on the

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Opposition Benches here and under their instructions. They will feel compelled to reconsider their decision in the near future. As far as the Army is concerned, I feel it will be a loss to a certain extent. But it is these extraordinary incidents that have taken place within the last two days that are responsible for my Honourable friends' re-considering this point. I have been asked to make the announcement and I do so. It is a serious matter, believe me, for Government to consider. Sir, I trust that in the future when my Honourable friends opposite desire to gauge public opinion, they will not try and find out for themselves what is the real public opinion and how far we here represent sections. If they will trust us to express public opinion of the country openly and clearly, we will do so. But, then, do not let my Honourable friends on the Treasury Benches turn round and say that it is still open for them to test that public opinion and that they will sift it in order to find out its accuracy. It is not doing credit to this side of the House, nor does it do credit to the judgment of my Honourable friends on the Treasury Benches. It is this sort of criticism that breeds on this side of the House opinions that may be considered reckless. If we are not expected to express public opinion, then my Honourable friends will be justified in saying that you shall not accuse us of reckless statements. If you take us seriously, we will take you seriously. If you do not take us seriously, we will refuse to take your proposals seriously.

Mr. A. H. Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): What was the public opinion when my Honourable friend approached the Government to vote with him and raise the duty on piece-goods, and supporting Imperial preference?

Sir Cowasji Jehangir: Mr. President, the less said the better as far as my Honourable friend is concerned with regard to the Tariff Bill of last year. I refuse to answer that question of my Honourable friend. If any other Honourable Member in this House had asked me that question, I should have given him a frank and free reply. But, coming from the source that it does, I absolutely and frankly refuse to give him a reply. The Honourable Member had better ask his own conscience for a reply.

Sir, I have nothing further to say but one point, and that is that there is not the slightest intention on the part of this House to embarrass the great Viceroy who is about to retire. Most of us feel that the cut is justified and we feel that any other action except to accept it will not be justified. We do hope and trust that Government will revise their opinion and will come to a decision acceptable to the country. We will be the last to force the hands of a great Viceroy, to whom this country is so greatly indebted. But even if he is compelled, we shall know on whose shoulders to place the responsibility.

Several Honourable Members: The question may now be put.

The Honourable Sir George Rainy (Member for Commerce and Railways): Sir, I have been present at a very large number of debates in this House, but I cannot recall any occasion on which I have been forbidden to say so many things. I trust I shall be able to comply with

the injunctions of Honourable Members opposite, but if, owing to inadvertence or lack of memory, I should stumble into any of the forbidden things, I hope they will be lenient and will pardon me. My Honourable friend, Mr. Mudaliar, said that we on the Treasury Benches did not give sufficient credit to those on the other side for the efforts they have made to meet Government half way. I do not think that is our feeling at all. I do appreciate the fact that Members on the other side have shown their appreciation of the fact that there is a serious financial emergency and that very special emergency measures are necessary. The real point is that, in the last resort, we have not been able to establish agreement between the two sides, and that the steps taken on their side and the steps taken on our side have not been quite sufficient to bridge the gulf. It is unquestionably a regrettable position, but I hope it is one which may exist consistently with both sides, we on our side and they on theirs, attributing nothing but honest and public-spirited motives to those with whom we disagree. Certainly that is the spirit in which I should wish to approach the question and I feel no temptation to do otherwise.

Now, before I come to the main point to which I wish to draw attention, it might perhaps be convenient if I were to say something very briefly on five or six minor points which were mentioned by various speakers. It was said, for instance, by my Honourable friend, Mr. Mudaliar, and I think in substance repeated by a subsequent speaker, that in this crore which Government are prepared to give up, there is not an ounce of genuine retrenchment, and that it is merely postponement of expenditure. Now, when the situation is such as my Honourable colleague, the Finance Member, has again and again attempted to explain to the House, when in the case of questions such as a reduction in the strength of the Army or a general cut in salaries we are faced by insuperable difficulties at the moment in making immediate economies, in what way is it possible during the coming year to effect economies except by methods which are stigmatised as merely postponements? It is all we can do in the circumstances in which we find ourselves placed and I do not admit that it is a criticism which reflects any serious blame upon the Government.

Another point taken by my Honourable friend was this. He drew attention to a statement by the Secretary of State for War in the British Parliament in which he referred to the fact that there was a shortage of 10,000 in the establishment of the British Army, and explained that the Army abroad, and especially in India, had been kept up to full strength, and that therefore the shortage affected only the numbers on the Home establishment. Now, I think it is sufficient, in order to meet my Honourable friend's point, just to mention two things. In the first place, it is natural, and from the military point of view entirely proper, that the shortage should be at the place where the reserves are, because any vacancies in the ranks in the event of an emergency can be filled up immediately, and that those units which are abroad should be maintained at full strength, because it takes much longer to replenish their ranks from the reserves if their services are seriously called upon.

The second point I wish to make is this, that the strength of the British Army in India has been based upon what was considered to be the minimum necessary for security. I know quite well that many of

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my Honourable friends think that the view taken by His Majesty's Government and the Government of India on that question is not right and that the actual number is greater than is necessary. I know that opinion and I respect it. But we have to proceed on the basis that the sanctioned establishment is what is regarded as the minimum necessary for security; and as my Honourable friend, the Finance Member, pointed out, until that question has been fully considered in connection with the constitutional enquiry, it is not possible at this stage to make reductions.

I was interested in what fell from my Honourable friend, Mr. Joshi, as to the *billet-doux* that he says he received from my Honourable friend, Br. Boag. All I can say is that my Honourable friend, Mr. Boag, appears to be an optimist, and takes a high view of human nature. Because from my recollection of my Honourable friend, Mr. Joshi's record in the division lists, I do not know that I myself should be very hopeful of having his constant and uniform support. I frankly admit, of course, that he in this House represents the interests of labour and he must vote according to what he regards the interests of labour, both on the special questions that may arise and generally (Hear, hear). But I can assure him that, while we are always glad to have his support, we frankly recognise his independent position, and I am sure he will take any further *billet-doux* he may receive as a graceful attention not intended to interfere with his independence. (Applause.) Now, my Honourable friend, Mr. Joshi, said that the recommendation was a weapon that ought to be used only in a really serious emergency. For any advice for which the Members of the Governor General in Council may be responsible, I am quite sure that, unless we felt the situation to be serious, we should not feel justified in asking for the exercise of very special powers. It may seem to Honourable Members on the other side that when the difference is only from 140 lakhs to 150 lakhs, it ought not to be treated as very serious. There is a great deal more involved, Mr. President, than merely the actual sum; the whole question of India's credit is involved in the balanced Budget and that is a matter which, speaking for myself, I could never regard as anything but a matter of first class importance and for the proposals contained in my Honourable colleague's amendment which is before the House now, naturally the Government of India assume full responsibility.

Now, my Honourable friend, Sir Cowasji Jehangir, gave one figure which, if I got it correctly, rather surprised me. I think he said that in the case of income-tax payers of one lakh and upwards the loss entailed by his amendment was only five lakhs of rupees.

Sir Cowasji Jehangir: That is so.

The Honourable Sir George Rainy: The figure given to me by the Honourable the Finance Member is 48 lakhs of rupees.

Sir Cowasji Jehangir: According to my calculations, the loss to Government by my amendment regarding individual income-tax payers of one lakh and over is a solid five lakhs of rupees. According to my proposals, the decrease in taxation is only five lakhs of rupees. Is that clear?

The Honourable Sir George Rainy: The figure that I have, which includes companies and which is subject to refunds, is 48 lakhs.

Sir Cowasji Jehangir: The companies stand on quite a different footing. Companies have a flat rate. The loss on companies for the whole of India is 39 lakhs. Including every company in the whole of India, my reduction on companies is 39 lakhs of rupees.

The Honourable Sir George Rainy: I was anxious to ascertain where my Honourable friend had got his figure from, because even if the companies are altogether excluded, the figures seem to me to be very much on the low side.

Sir Cowasji Jehangir: I want to make this perfectly clear. The whole of the increase as proposed by the Honourable the Finance Member on an income of one lakh and over is only 16 lakhs and out of that 16 lakhs, we have cut out five lakhs of rupees. Is that clear? That is the position.

The Honourable Sir George Rainy: I will not dispute with my Honourable friend further about these figures. I was not clear exactly where he got the figure from. But what I should like to say is this, that no Member of the Government can afford to ignore his very generous offer to place that sum at the disposal of the Government in the event of the Government of India seeing their way to meet his wishes on the amendment. I can only hope that my Honourable friend will always be in a position to contribute so generously and so spontaneously to the needs of Government.

Now, Sir, my Honourable friend asked whether any Finance Member in the world would have dared to put forward proposals for an increase of 39 per cent. in the income-tax. We have yet to learn what the Chancellor of the Exchequer in Great Britain may have in store for the income-tax payers in that country. But his opportunities are of course somewhat narrow and restricted owing to the liberal use made of the income-tax by his predecessors and by himself in earlier years. Sir, it must be remembered that in this case the income-tax proposals of the Government are definitely of the nature of an emergency measure to meet a very difficult situation and are not intended as part of a permanent scheme for raising the tax at that level. I do think that makes a very great difference and it is from that angle that it must be judged.

Now, Sir, I think it was my Honourable friend, Sir Abdur Rahim, who early in the debate asked what right Members of this House who voted for my Honourable friend Sir Cowasji Jehangir's amendment two days ago had to change their opinion. In my view, if they do change their opinion, they are perfectly entitled to do so when the question put before them is a new question and not a question on which they had to vote on a previous occasion. The choice then lay between the original proposals in the Bill and the amendment of my Honourable friend. The choice today lies between the amended proposals, which effect substantial reductions in the rate of taxes imposed upon the three lower classes, and Sir Cowasji Jehangir's amendment. It was evident, Sir, from some of the speeches made on the last occasion, and I can testify from what I have heard from different Members of the House, that it is particularly as regards these lower classes that Honourable Members felt most strongly; and when Government have gone as far as they can to meet the views expressed on the other side of the House and have made an offer which does make this

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substantial reduction in the lower classes, I think any Member of the House is perfectly entitled to reconsider the matter and to give his vote in accordance with what his deliberate view is on the choice now placed before him.

The main quarrel between the two sides of the House has developed on two questions, one, retrenchment, and the other, whether the income-tax proposals are not excessive. Now, as regards retrenchment the matter has been discussed threadbare, and I should be sanguine indeed if I thought that anything I could say at this stage of the debate was likely to carry conviction into those hard hearts on the other side of the House. But I do ask the House to believe not that we are very wise people, not that we are infallible, but that it is our honest and deliberate judgment that we have gone as far as we can and perhaps rather further than we ought, in trying to meet the wishes of the House. We do not feel that we can honestly say to the House that we can reduce the expenditure further during the coming year. The whole question of future retrenchment of course remains open. And that being so, and feeling as we do the obligation to present a balanced Budget, we find ourselves unable to go further than we have done.

And now, as regards income-tax. I should like merely to state what my own views are and what I believe are the views of my Honourable colleagues on the front Bench. From the time it became evident that we were faced by a really serious emergency, the question arose, assuming that a very substantial increased taxation had to be imposed, how was it to be done. Personally I should have found the very greatest difficulty in concurring in any scheme of taxation which, in the light of the circumstances of the present year, did not mean that the income-tax payer had to bear a very considerable share of the burden. That is my own honest conviction. I respect the honest convictions of other people who differ from me, but I do ask them to believe that that is my conviction and, I believe, the conviction of my colleagues. With the proposal now before the House we have tried to meet the wishes of the House by giving up something over a crore of rupees of the revenue we hoped to derive from income-tax. To some extent that already in my view unbalances the Budget. But if we went further and if we accepted my Honourable friend Sir Cowasji Jehangir's amendment, *i.e.*, the Bill in the form in which it was left by the Assembly before the recommendation was introduced, then in my view the Budget would have become unbalanced and the whole scheme of taxation would lay far too much weight on the indirect tax-payer and too little weight on the direct tax-payer. What has been said on that point by my Honourable colleague, the Finance Member, has been challenged from the other side of the House. I frankly admit that if it is a question of drinking champagne and smoking cigars, and other things of that kind, of course none of us contend that these things are paid for by the poorest classes of the community. Nobody would assert it. But on the question of the cotton duties I was a little surprised at what fell from my Honourable friend, Diwan Bahadur Mudaliar, when he suggested that there was no obligation on the consumer to buy foreign cloth, and I think implied that if the consumer bought Indian cloth he would get it cheaper. Now, I ask, does experience actually confirm the theory that if you put a duty upon foreign cloth, the producer of the indigenous cloth will sell it any cheaper than he

need? If so, then the whole theory of protective duties is wrong and they cannot carry out their object. Having regard to the enormous decrease that has taken place in the last year in the importation of foreign cloth, and to the fact that imports during the coming year are likely to be on a very reduced scale, in order to arrive at the burden on the consumer of any increase in the duty on cotton cloth, I think we must multiply by three, because the indigenous production at present must be fully two-thirds of the total. Also it is evident that at the present time in this country that degree of internal competition which might ultimately, however high the customs duties, bring down prices to a reasonable level. Therefore, that is a point when we consider the scheme of taxation does not and cannot exist which we cannot ignore, namely, that through the operation of the cotton duties, a burden is imposed on the consumer in addition to the burden of what actually reaches Government through the customs duties.

Mr. President, I should like to thank the House for the great patience and tolerance with which they have listened to me. I do not wish to say one word which would embitter controversy or hurt any of my friends on the other side. But I must say this, that in taking the course they have done, Government have been actuated by only two desires: first, to meet the wishes expressed in the other side of the House so far as they could, and secondly, they have a very strong conviction that a responsibility is imposed upon them for the protection of certain interests, a responsibility of which they cannot divest themselves, and in the last resort they must exercise their powers to the best of their judgment for the protection of those interests. (Applause.)

Several Honourable Members: The question may now be put.

Nawab Major Malik Talib Mehdi Khan (North Punjab: Muhammadan): Sir, my Honourable friend, Sir Abdur Rahim, asked the reason for some Members turning topsy turvy within twenty four hours, I mean, voting the day before yesterday against the Government, and now probably going to vote with the Government. First of all, I fail to understand how he came to that conclusion. But be that as it may, I would like to point out that the object of those Members to whom he refers was that the poorer classes should get some relief from the burden that was being thrown on them

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): Did the Honourable Member consider their case when kerosene was before the House?

Nawab Major Malik Talib Mehdi Khan: If Sir Cowasji Jehangir's amendment had been taken item by item I think the matter would have been easy and there would have been no difficulty; but as it was decided that the whole of that part of the Schedule was to be taken together, those Members who wanted to help the poor had no way but to go against the Government. His Excellency Lord Irwin, sympathetic and far-sighted statesman that he is, came to their help and suggested that substantial relief should be given to that class. He correctly diagnosed the complaint and suggested a remedy. It would therefore be going against one's conscience if that remedy be not accepted.

I belong to the millions of those inarticulate human beings who live in the villages; they are the poorest of the poor; their houses do not cover more than the area of a small bathroom; and in one sometimes twelve human beings are huddled together with their cattle, inhaling foul air.

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Sometimes they have to go miles to get a pot of dirty water for drinking purposes to say nothing of any water for washing purposes. They get no medical relief, and the women go through their labour like cattle and other animals round them. (*An Honourable Member*: "What a commentary on the Government?") That may be so, but I am only giving facts. There is no education for them, or very little. There are no roads on which their aching limbs could go; and no markets where they could purchase anything. This is their condition and now I appeal to both sections of the House, the Government, as well as the Honourable Members on my right, and enquire whether any steps have been taken to ameliorate their condition. No doubt the Government have created a department called the Agricultural Department which, on the face of it, is meant for helping the peasant. But unfortunately, so far as I can make out, excepting a few selected seeds which have been given to the people, nothing has been done in the villages. (*Opposition cries of "Hear, hear"*).

But I will be failing in my duty at the same time if I do not mention the work of the I. C. S. men (district officers) who lived among us, moved among us

Mr. President: May I ask the Honourable Member to restrict himself to the subject matter before the House?

Nawab Major Malik Talib Mehdi Khan: I am coming to that. I was referring to the I. C. S. Officers who learned our ailments and did what lay in their power to alleviate our sufferings, but that generation has gone, giving place to one who adorn the desk.

An Honourable Member: No chit is required for the I. C. S.

Mr. President: I cannot allow this kind of speech. Will the Honourable Member restrict his remarks to the amendment which is before the House?

Nawab Major Malik Talib Mehdi Khan: I am coming to that, Sir. If I had been allowed, I would also have dealt with the other section of the House, as I did above and addressed a few words to them

Mr. President: I am sorry I cannot allow that; time is getting on and the Honourable Member will be allowed to have his full say only on the issue that is now before the House.

Nawab Major Malik Talib Mehdi Khan: Very good. I have shown that some Members espoused the cause of the poorer class of persons who pay tax. Lord Irwin has extended his hand of friendship and I think it would be unbecoming on the part of those for whom it is extended, not to grasp it, because it has been extended for saving the poor and also because the taxes realised from the other classes may go some way to meet the needs of those unfortunate people whose condition I have just described.

Several Honourable Members: The question may now be put, Sir.

(*Mr. President called Mr. Jamal Muhammad Saib to speak as he had got up.*)

Several Honourable Members: The question may now be put, Sir.

Mr. President: Since I have called Mr. Jamal Muhammad Saib, I should like to give him a chance. How long will the Honourable Member take?

Mr. Jamal Muhammad Saib (Madras: Indian Commerce): Five Minutes, Sir.

Mr. President: All right, I will allow you five minutes.

Mr. Jamal Muhammad Saib: Sir, I have to say only a few words. This Finance Bill has been considered for the last so many days and has been discussed threadbare, and by a-considered verdict of this Honourable House a certain amendment had been carried through. Now we are asked to consider an amendment to that, and that is the question which is now before the House. After all the difference is only one crore or a crore and a quarter between the amendment suggested by Government and the amendment which had been accepted by the House. Now, Sir, if the Government cannot see their way even to accept this cut of one crore and odd, I cannot believe in their earnestness in regard to retrenchment. What is the use of having a Retrenchment Committee at all?

There is another point to which I would like to invite the attention of this House, and it is this. I think the Government are committing a serious political blunder in this matter, because for such a small thing as one crore and odd rupees they have dragged in the honoured and respected name of His Excellency Lord Irwin. I cannot for a moment approve of the course which the Government have adopted in this matter. I would therefore appeal to the Government to withdraw their amendment. (*An Honourable Member:* "Question.")

Several Honourable Members: The question may now be put, Sir.

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

The motion was adopted.

Mr. President: Amendment proposed:

"That the following be substituted as Part I to Schedule IV in the Finance Bill.

SCHEDULE IV.

[See section 7.]

PART I.

Rates of Income-tax.

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

	Rate.
(1) When the total income is less than Rs. 2,000 ..	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Six pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Nine pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards, .	Two annas and two pies in the rupee.

B. In the case of every company and registered firm, whatever its total income. Two annas and two pies in the rupee.

The Assembly divided :

AYES—56.

Abdul Qaiyum, Nawab Sir Sahibzada.
 Allah Baksh Khan Tiwana, Khan Bahadur Malik.
 Anklesaria, Mr. N. N.
 Ayyangar, Diwan Bahadur V. Bhaashyam.
 Bajpai, Mr. R. S.
 Banarji, Mr. Rajnarayan.
 Baum, Mr. E. F.
 Bhargava, Rai Bahadur Pandit T. N.
 Boag, Mr. G. T.
 Chatterjee, The Revd. J. C.
 Cocke, Sir Hugh.
 Dalal, Dr. R. D.
 Fazal Haq Piracha, Shaikh.
 Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
 French, Mr. J. C.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Grahsm, Sir Lancelot.
 Gwynne, Mr. C. W.
 Hamilton, Mr. K. B. L.
 Heathcote, Mr. L. V.
 Hezlett, Mr. J.
 Howell, Mr. E. B.
 Ismail Ali Khan, Kunwar Hajee.
 Jawahar Singh, Sardar Bahadur Sardar.
 Joshi, Mr. N. M.
 Khurshed Ahmad Khan, Mr.

Macmillan, Mr. A. M.
 Maswood Ahmad, Mr. M.
 Montgomery, Mr. H.
 Moore, Mr. Arthur.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur S. C.
 Parsons, Mr. A. A. L.
 Rafiuddin Ahmad, Khan Bahadur Maulvi.
 Raghubir Singh, Kunwar.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. H. Shankar.
 Roy, Mr. K. C.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Mr. H. A.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan Gakhar, Captain.
 Shillidy, Mr. J. A.
 Studd, Mr. E.
 Suhrawardy, Dr. A.
 Sykes, Mr. E. F.
 Talib Mehdi Khan, Nawab Major Malik.
 Tin Tüt, Mr.
 Wajihuddin, Khan Bahadur Haji.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

NOES—60.

Abdur Rahim, Sir.
 Aggarwal, Mr. Jagan Nath.
 Anwar-ul-Azim, Mr. Muhammad.
 Azhar Ali, Mr. Muhammad.
 Bagla, Lala Rameshwar Prasad.
 Bhuput Sing, Mr.
 Biswas, Mr. C. O.
 Chandí Mal Gola, Bhagat.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. A.
 Das, Mr. B.
 Dudhoria, Mr. Nabakumar Sing.
 Dutt, Mr. Amar Nath.
 Gour, Sir Hari Singh.
 Gunjal, Mr. N. R.
 Harbans Singh Brar, Sirdar.
 Hari Raj Swarup, Lala.
 Ishwarsingji, Nawab Naharsingji.
 Ismail Khan, Haji Chaudhury Muhammad.
 Isra, Chaudhri.
 Jadhav, Mr. B. V.
 Jamal Muhammad Saib, Mr.
 Jehangir, Sir Cowasji.
 Jog, Mr. S. G.
 Krishnamachariar, Raja Bahadur G.
 Kyaw Myint, U.
 Lahiri Chaudhury, Mr. D. K.
 Liladhar Chaudhury Seth.
 Misra, Mr. B. N.
 Mitra, Mr. S. C.
 Muazzam Sahib Bahadur, Mr. Muhammad.

Mudaliar, Diwan Bahadur A. Ramaswami.
 Mujumdar, Sardar G. N.
 Munshi, Mr. Jehangir K.
 Murtuza Saheb Bahadur, Maulvi Sayyid.
 Neogy, Mr. K. C.
 Pandian, Mr. B. Rajaram.
 Pandit, Rao Bahadur S. E.
 Parmanand Devta Sarup, Bhai.
 Puri, Mr. B. R.
 Rajah, Raja Sir Vasudeva.
 Ranga Iyer, Mr. C. S.
 Rangachariar, Diwan Bahadur T.
 Rao, Mr. M. N.
 Rastogi, Mr. Badri Lal.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Roy, Kumar G. B.
 Sadiq Hasan, Shaikh.
 Sant Singh, Sardar.
 Sarda, Rai Sahib Harbilas.
 Sen, Pandit Satyendra Nath.
 Singh, Kumar Gupteshwar Prasad.
 Singh, Mr. Gaya Prasad.
 Sitaramaraju, Mr. B.
 Thampan, Mr. K. P.
 Tun Aung, U.
 Uppi Saheb Bahadur, Mr.
 Walayatallah, Khan Bahadur H. M.
 Ziauddin Ahmad, Dr.

The motion was negatived.

The Honourable Sir George Schuster: Sir, as the House has not agreed to the amendment which would bring the Bill into the form recommended, I would request you to endorse on the Bill a certificate that the Chamber has failed to pass the Bill in the form recommended.

Mr. President: The Chair will comply in due course with the provisions of the Act, the rules and Standing Orders.

The next business on the Order Paper is the election of Members of the Standing Finance Committee.

Mr. R. K. Shanmukham Chetty: The certificate that the Honourable Member wanted from you was that the House has failed to pass the Bill in the form recommended by His Excellency the Governor General. I submit that the House has not been given an opportunity of saying whether they will pass the Bill or not. That will arise only on the motion that the Bill be passed.

Mr. President: The Honourable the Finance Member has clearly stated that the House having refused to pass the Bill in the recommended form he does not wish to move the motion to pass the Bill. I do not want any further discussion on that point. I have already said that the Chair will comply with the provisions of the Act, the rules and Standing Orders.

I take it that Honourable Members are now agreeable to proceed with the election of Members of the Standing Finance Committee.

ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE.

Mr. President: Members will now proceed to elect Members not exceeding 14 in number to the Standing Finance Committee for the financial year 1931-32. There are 25 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.)

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Mr. President: Members will now proceed to elect 3 non-official Members to the Standing Committee for the Department of Education, Health and Lands. There are 5 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.

4 P.M.

(The ballot was then taken.)

DEMANDS FOR SUPPLEMENTARY GRANTS.

IRRIGATION, NAVIGATION, EMBANKMENT AND DRAINAGE WORKS.

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

"That a supplementary sum not exceeding Rs. 3,84,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Irrigation, Navigation, Embankment and Drainage Works'."

The motion was adopted.

INDO-EUROPEAN TELEGRAPH DEPARTMENT.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 41,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1931, in respect of 'Indo-European Telegraph Department'."

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Sir, I should be grateful if the Honourable the Finance Member will furnish the House with some information as regards this transaction. At an earlier stage of the proceedings on the general discussion of the Budget I said that we did not have completed information on this subject and that we would be grateful if further details were furnished. I find from the speech of the Honourable the Finance Member in introducing the Budget that he said that a net cash credit of 54 lakhs was coming to the Government on account of this transaction. I now find from the proceedings of the Standing Finance Committee that the net cash credit is about 49 lakhs.

"The settlement now agreed upon would result in a net cash credit of approximately 49 lakhs to the Government of India after allowing for the expenses in connection with the arrangements of transferring the system to other hands."

I should also like to know what the position with reference to the staff employed for this Department is. I find that about 10 lakhs is required towards expenses. I should like to know the nature and the details of this expense. I should also like to know the amount of the gratuity that has been paid to the various members of the staff, namely, the total amount that has been disbursed. I should further like to know if the Honourable the Finance Member will be pleased to give the information what was the book value of the assets of this Company in the last financial year. This information will enable us to understand the details of the transaction.

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

The Honourable Sir Joseph Shore (Member for Industries and Labour): Sir, I should like to say a few words in regard to the sale of the Indo-European Telegraph Department, in regard to which my Honourable friend Diwan Bahadur Ramaswami Mudaliar has just asked for some information. I recognise that the House is interested, and rightly interested, in what was in the past a revenue producing asset of the Government

of India, and it has the right to ask for information on any point on which it is not quite satisfied. I would like to deal with this matter mainly from the commercial point of view, because I feel that it is on that basis that a final judgment must be passed. The House is aware that the Inchcape Committee recommended, with one dissentient, that this asset should be sold at the earliest suitable opportunity. The dissentient's objection was to parting with an asset which had in the past brought revenues of considerable magnitude to the Government of India. That objection no longer holds good. It is some years since we have passed from an era of profits to the era of growing deficits and that, for a reason which we are unable either to eliminate or to control. I should like to give to the House some information about the losses that we have sustained during the past three years from the Indo-European Telegraph Department. In 1927-28, our net loss was Rs. 2,85,000. In 1928-29, it had risen to Rs. 6,78,000 and in 1929-30 it had grown still further to Rs. 7,35,000. The main reason for these losses was the intensity of beam wireless competition and that competitive factor, so far from decreasing will grow year by year. For instance the Persian Government now have a powerful beam wireless station at Tehran and the House will realise the effect of that competition on cables and land telegraph traffic. Faced with this situation, we did what I venture to think any good businessman would do. We sold, while it was still possible to sell to advantage. The reason why we were able to sell to advantage was due almost entirely to the existence of a very favourable pooling arrangement under which a large portion of the losses had to be borne by the Company which has now bought this asset from us. The reason why we were able to sell, I say, to advantage, was because we had the nuisance value of this arrangement to sell to the Company. They benefited and we benefited by the transaction. We were able to turn a growing deficit into a substantial cash asset. They will be able to reduce their expenditure by eliminating duplications and by introducing unity of control.

I should just like to say one word with regard to the staff which has been disbanded. We have given to that staff generally the terms which are given to a staff on disbandment, but we have had to be a little more generous than usual. That staff has served us faithfully and well in conditions which are among the most trying in the world. The main terms were scrutinised by my predecessor, who as the House knows had an unrivalled knowledge in these matters. It is, of course, a question of opinion, but I have no hesitation in saying that the terms were not by any means extravagant, but merely represented just and fair treatment. I have the terms here and it will take some time to repeat them, but if my Honourable friend desires, I shall be happy to convey the information to him separately. But I should like to emphasise this point, that we have been able to get a sum of £450,000 for an asset the book value of which stood at about Rs. 78 lakhs, and which was bound to involve us in a heavy increasing annual loss. I leave it, Sir, to this House to decide whether the deal which we have entered into was not a wholly satisfactory arrangement. If I am arraigned before any tribunal for my complicity in this transaction, I would plead not palliation, not excuse, but the firm conviction that this was the best arrangement that could have been entered into in the interests of the Government of India. (Hear, hear.)

Mr. Deputy President: The question is:

"That a supplementary sum not exceeding Rs. 41,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Indo-European Telegraph Department'."

The motion was adopted.

INTEREST ON ORDINARY DEBT, AND REDUCTION OR AVOIDANCE OF DEBT.

The Honourable Sir George Schuster: I beg to move:

"That a supplementary sum not exceeding Rs. 1,55,99,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Interest on Ordinary Debt, and Reduction or Avoidance of Debt.'"

The motion was adopted.

COUNCIL OF STATE.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 15,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Council of State.'"

Diwan Bahadur T. Rangachariar: I should like to have some information. On page 753 of the proceedings of the Standing Finance Committee, dated the 14th March, 1931, it is stated:

"This (*referring to the allotment*) had now been found to fall considerably short of the actual requirements, there being a larger attendance of members during the current session and a greater number who availed themselves of the concession of travelling in a reserved compartment."

May I ask whether the attention of the Honourable Members of the Council of State was directed to the financial crisis we were passing through and whether they would not waive their right of travelling in a reserved compartment?

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): In this connection, may I remind the Honourable the Finance Member of what took place in the first Assembly, when a Resolution was moved and passed that equalisation of Members of the two Houses should be insisted upon and thereupon the Honourable Mian Sir Muhammad Shafi, who was then a Member of the Council of State, gave an assurance to this House that he would use his good offices to see that in all respects the status and emoluments of the Members of the two Houses would be equalised? He did move in the Council of State for the purpose of bringing down the travelling allowances and the reserved compartments to the same level as that of the Members of this House. But it was opposed by non-official Members, and thereafter the Government gave way. I think the time has now come when the Government must make good their promise which was given to the first Assembly, and in all respects equality of status and emoluments between the two Houses should be established.

The Honourable Sir George Schuster: In answer to the question of my Honourable friend, the Leader of the Opposition, I can tell him that no steps of the kind that he suggested were taken. I think probably it would be one of the last things that we should seek to do to take away the privileges of the Members of either House of the Legislature. But if my Honourable friend wishes to make a suggestion and have that suggestion considered by Honourable Members in another House, I should be very glad to take a note of my Honourable friend's suggestion.

Diwan Bahadur T. Rangachariar: I make that suggestion for being taken to the other House so that in a time of financial crisis they would waive this privilege of travelling in reserved compartments.

The Honourable Sir George Schuster: I will take a note of my Honourable friend's suggestion.

As regards the question raised by my Honourable friend, Sir Hari Singh Gour, I must ask for time to look up the records of this subject. It does not concern my own Department and I am only dealing with it because it is referred to in connection with this supplementary Demand. If my Honourable friend will give me time, I will look into the matter and inform him of the present views of the Government.

Mr. Deputy President: The question is :

"That a supplementary sum not exceeding Rs. 15,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Council of State'."

The motion was adopted.

MINT.

The Honourable Sir George Schuster: Sir, I beg to move :

"That a supplementary sum not exceeding Rs. 21,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Mint'."

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I should like to know how this loss was incurred.

The Honourable Sir George Schuster: As my Honourable friend is probably aware, when currency and coinage is put into circulation, a profit is made by the Government as a result of that process. The nickel coin costs Government only the cost of the metal and of coining it, and the Government, when they pay out the coin, get credit for the full face value. Therefore the difference between the bullion value of the coin and its face value accrues as profit to Government which is commonly known as "Seigniorage". In normal times there is a steady flow of small coin into circulation, but it was a very remarkable feature of the last year that there has been not only a very substantial return of silver rupees from circulation—that is a feature which has been going on for some time—but during the last year there has been a very substantial return of small nickel coinage from circulation. I have the figures here of the profits that have been

[Sir George Schuster.]

credited to the revenues in the past years, and it might interest the House to know how the thing has gone on. From 1924-25 onwards the profits were:

1924-25—36½ lakhs.

1925-26—Just over 28 lakhs.

1926-27—3.8 lakhs.

1927-28—26.43 lakhs.

1928-29—37.19 lakhs.

1929-30—16.2 lakhs.

In 1930-31 our revised estimate is a loss of 21½ lakhs. That is a very striking feature in the present situation and it brings before the Honourable Members' notice very prominently one of the exceptionally adverse financial factors in the current year's results which have gone to contribute to the deficit which we expect for the coming year.

Mr. B. V. Jadhav: Then am I to understand that nickel coins are melted when they are returned to the Treasury and for that reason this loss is incurred?

The Honourable Sir George Schuster: I could not quite catch my Honourable friend, but when the coin is returned Government has obviously lost the profit on that coin and has to take the coin back. The coin cannot be kept in our reserves at anything more than its bullion value and therefore there is a loss of profit when the coin is returned. This loss represents the net amount of nickel coin that has been returned from circulation in the current year.

Mr. B. V. Jadhav: Then am I to understand that when silver coin is returned to the Treasury in the same way the bullion value is only taken into account and the difference between the bullion and rupee values is written down as loss?

Mr. Deputy President: Order, order. The Honourable Member is asking questions about the composition of the Paper Currency Reserve which I think he might as well talk over with the Finance Member in private.

The question is:

"That a supplementary sum not exceeding Rs. 21,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Mint'."

The motion was adopted.

REFUNDS.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 6,55,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of 'Refunds'."

The motion was adopted.

LOANS AND ADVANCES BEARING INTEREST.

The Honourable Sir George Schuster: Sir, I beg to move :

“That a supplementary sum not exceeding Rs. 1,86,20,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of ‘Loans and Advances bearing Interest.’”

Diwan Bahadur T. Rangachariar: Sir, may I have information on one point? We heard that there was a proposal to grant a loan free of interest or at a small rate of interest to His Majesty the King of Afghanistan. Does that come under this amount or under any other amount?

The Honourable Sir George Schuster: No, Sir. That particular transaction is not included under this head.

Diwan Bahadur T. Rangachariar: So it is a fact that the loan is going to be advanced?

The Honourable Sir George Schuster: Certain transactions have been arranged in the course of the last year with Afghanistan in accordance with a policy which had been laid down some time ago. I think my Honourable friend the Foreign Secretary would be able to give detailed information on this point. I should hesitate not to give a reply when my Honourable friend the Leader of the Opposition asks me a question, but I venture to suggest that this question does not really come under this particular Demand, but if my Honourable friend would like to have information on this subject, I will communicate his question to the Foreign Secretary.

Diwan Bahadur T. Rangachariar: I should very much like to have that information. At this time, when we are in a financial crisis, I want to know whether there is going to be taxation for the purpose of giving this loan free of interest. It is for that purpose that I want this information.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I want to ask a question which I trust has nothing to do with the Foreign Department and may bear on this particular point. I saw from an answer given to a question in another place, that the Government have advanced a pretty large sum as loan to a private individual—I do not want to name him—at a rate of interest which is about half the rate at which Government themselves have been borrowing. I trust the Honourable Member will be able to identify the case and I should be very much obliged if the Honourable Member will tell this House the reasons for this extraordinary banking principle that he has adopted.

The Honourable Sir George Schuster: I am afraid I cannot identify the case, but I did not hear everything that the Honourable Member said.

Mr. K. O. Neogy: I did not want to give the name here, but I am afraid I have to; it is the Nawab of Dacca.

The Honourable Sir George Schuster: I am afraid that, without notice, I cannot give my Honourable friend full information on that particular transaction.

Diwan Bahadur T. Rangachariar: We wish to know, on this subject of transaction of loans being made by the Government of India from money raised by taxation, whether they will take care to see that money raised by taxation is not advanced free of interest on loans to private individuals or others at a time of financial crisis when we ourselves are borrowing at heavy rates of interest.

The Honourable Sir George Schuster: The policy of the Government of India in those matters is of course very carefully watched by my Department from the financial side. I think what my Honourable friend has in mind is this arrangement with Afghanistan, and there are very special circumstances in the case which, as I have already said, if my Honourable friend desires information, I think should be communicated fully to him in a manner which I cannot offhand do. I do not think I can do it to his satisfaction or to my own.

Mr. C. S. Ranga Iyer: When such loans are granted to private individuals, may I put it to the Honourable the Finance Member that it would be desirable to consult the House, which is the custodian of the interests of the tax-payer, and place before this House the special circumstances under which he feels called upon to advance such loans from the taxpayers' money? I hope the Finance Member has followed me.

Mr. Deputy President: I am afraid I cannot allow a discussion on the general policy of the loans and advances of the Government of India; it has been ruled in the past that on a motion for a supplementary grant questions involving general policy cannot be discussed; and unless the question that my Honourable friend puts to the Finance Member relates to an item which is included in the supplementary Demand, a discussion on that cannot be allowed. It is for the Finance Member to say whether the questions which have been raised in the course of this debate relate to items included in the Demand.

The Honourable Sir George Schuster: No, Sir; none of the questions raised relate to items included in this Demand; and that of course brings out the fact that there is a certain distinction between voted and non-voted expenditure. Everything which has to do with voted expenditure automatically comes before this House; but non-voted expenditure, according to the present constitution, does not; and that explains the difference between some items that have been discussed and those that are now included in this Demand.

(At this stage Mr. President resumed the Chair.)

Diwan Bahadur T. Rangachariar: May I take advantage of the courtesy of the Finance Member and suggest to him that this loan to His Majesty the King of Afghanistan should be shared by the British Exchequer or possibly the whole of it might be borne by them and not by the impoverished Government of India?

The Honourable Sir George Schuster: I do not know, Sir, whether you have heard the ruling which has been given by the Deputy President; but according to his ruling I should not be entitled to answer the question of my Honourable friend.

Diwan Bahadur T. Rangachariar: I only made a suggestion for your action—I am not asking for an answer.

The Honourable Sir George Schuster: I can only say that my Honourable friend's mind moves in very much the same way as my own does on that particular question.

Diwan Bahadur A. Ramaswami Mudaliar: May I know what is the rate of interest for the loan that has been advanced to the Bahawalpur Durbar which is specifically within the supplementary Demand?

The Honourable Sir George Schuster: Six per cent.

Mr. President: The question is:

“That a supplementary sum not exceeding Rs. 1,86,20,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1931, in respect of ‘Loans and Advances Bearing Interest.’”

The motion was adopted.

THE INDIAN INCOME-TAX (SECOND AMENDMENT) BILL.

Some Honourable Members: Shall we now adjourn?

Mr. President: The Chair wishes that the Honourable Member should move his motion and the House should then adjourn till tomorrow.

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

“That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee consisting of Mr. R. K. Shanmukham Chetty, Diwan Bahadur T. Rangachariar, Mr. Jagan Nath Aggarwal, Diwan Bahadur A. Ramaswami Mudaliar, Sir Cowasji, Jehangir, Sir Hugh Cocke, Mr. A. H. Ghuznavi, Rao Bahadur S. R. Pandit and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

I take it that it is not your intention that I should make any speech on the subject now but merely that I should move the motion.

Mr. President: I would prefer if the Honourable Member will explain why he wants a Select Committee in view of the several amendments for circulation; if the Honourable Member places his own case before the House, the discussion on the amendment will be simplified; but I cannot force the Honourable Member to do so; he can do what he likes.

The Honourable Sir George Schuster: I trust that Honourable Members will recognise that I had not expected that we should get to this business today, but . . .

Mr. President: If the Honourable Member is not ready, I will put it off till tomorrow.

The Honourable Sir George Schuster: I think I can explain quite shortly what the position is; I will not attempt to go into any details of the provisions of the Bill. I have already on other occasions explained to the House that we were anxious on the Government side to get this

[Sir George Schuster.]

legislation through as quickly as possible because we believed that if this Bill could be passed into law and come into operation at the beginning of the next financial year, it would produce substantial revenue and would also have other beneficial effects on the general financial situation. But the Bill as drafted is only drafted to come into operation on the 1st April, 1932; and when I referred the other day to the idea of bringing it into earlier operation I had in mind that it might be possible that it should be amended in Select Committee to come into operation a year earlier. Now, as I see on the paper several motions for circulation coming from different quarters of the House, I wish to make it clear that the intention to get it through very quickly, almost to "rush it" through this session, was never intended to prevail against any general feeling in this House that that was treating legislation on a very important matter with too great rapidity; and if those Honourable Members who have put down motions for circulation wish to press for circulation and have support in this House, then we would accept the motion for circulation. But it was our intention in any case to move for the appointment of the Select Committee; what we had in mind was that we should get the Select Committee appointed and then circulate the Bill by executive instruction, endeavour to get opinions some time before the Simla Session and get the Report of the Select Committee before the House at the beginning of the Simla Session, so that this legislation could be passed in good time, if the House approves of it during the Simla Session, and therefore, Sir, I would still move for the appointment of a Select Committee, although I would accept the motion for circulation if that appears to be the wish of a substantial body of Members in this House. Sir, I move.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): May I ask one question before the Honourable the Finance Member sits down?

Mr. President: Please wait. Motion moved:

"That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee consisting of Mr. R. K. Shannukham Chetty, Diwan Bahadur T. Rāngachariar, Mr. Jagan Nath Aggarwal, Diwan Bahadur A. Ramaswami Mudaliar, Sir Cowasji Jehangir, Sir Hugh Cocke, Mr. A. H. Ghuznavi, Rao Bahadur S. R. Paudit and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Now, the Honourable Member can ask his question.

Sir Cowasji Jehangir: In the procedure suggested by my Honourable friend, would it imply that the House accepts all the principles of the Bill? There are so many principles involved in the Bill that, unless we really go into every principle, it will be difficult to bind ourselves to all the principles of the Bill. If you would accept that, then the procedure would exempt us from being bound to every principle involved in the Bill.

The Honourable Sir George Schuster: So far as I am concerned, Sir, I have no intention of binding the House in any way at all. I merely suggested this procedure as being the most convenient way of dealing with this particular piece of legislation. I am not sure where there is any precedent for the course that I propose, but I would certainly suggest that it ought to be possible to adopt it without embarrassing any Member of the House in the way that has been suggested by my Honourable friend. It is certainly our intention not to introduce any embarrassment of that kind.

Mr. President: In view of what has fallen from the Honourable the Mover, I should like to ask Mr. Biswas how much time he will take to move his amendment if I call upon him to do so.

Mr. O. C. Biswas (Calcutta: Non-Muhammadan Urban): Since we have to go into the question of the principle of the Bill, I might take about half an hour, Sir.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Raja Bahadur Krishnamachariar who has an amendment standing in his name is not here, Sir.

Mr. President: That will come later.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, in the light of the procedure suggested by the Finance Member, I would like to suggest to my Honourable friend Mr. Biswas and to this House that it will on the whole suit the convenience of this House if that procedure is accepted and the discussion cut short. After all, so far as I am able to read the principle of the Bill, it is simply this, that we ought to tax foreign investments, and that, I suppose, would be a principle which would be acceptable to every one of us. If that is so, and if the Bill is circulated for executive action to the various persons and bodies who are competent to express an opinion, the Select Committee might meet before the Simla Session, and by that time the opinions of the various bodies in the country would be available to the Select Committee, and probably, Sir, the Select Committee might make its Report in time for the Simla Session, and in the light of the suggestion thrown out by the Honourable Member, I would like to ask Honourable Members to consider whether it would not really meet the object in view.

Mr. N. R. Gunjal (Bombay Central Division: Non-Muhammadan Rural): My suggestion with regard to a Retrenchment Committee is . . .

Mr. President: This has nothing to do with the Retrenchment Committee.

Mr. N. R. Gunjal: My suggestion is that if there is one Member from each Province it will be a good thing.

Mr. President: That is not the issue before the House now. With reference to what has fallen from the Deputy President, I should like to tell the House that four Members have given notice for circulation, and Mr. Biswas, one of them, wishes to move his amendment and expects to take half an hour in doing so. The Chair has therefore no alternative but to adjourn the House till tomorrow.

I should like to remind Honourable Members that His Excellency will address the Members of both Houses tomorrow at 11 o'clock, and the Assembly will meet thereafter at 12-15 for the transaction of business. I therefore adjourn the House till 12-15 tomorrow, and I expect Honourable Members will be here in time to hear His Excellency address the joint session.

The Assembly then adjourned till a Quarter Past Twelve of the Clock on Saturday, the 28th March, 1931.