

14th March 1935

THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume III, 1935

(9th March to 28th March, 1935)

FIRST SESSION

OF THE

**FIFTH LEGISLATIVE ASSEMBLY,
1935**



NEW DELHI
GOVERNMENT OF INDIA PRESS
1935

Legislative Assembly.

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CONTENTS.

VOLUME III.—9th March to 28th March, 1935.

	PAGES.		PAGES.
SATURDAY, 9TH MARCH, 1935—		TUESDAY, 12TH MARCH, 1935—	
Questions and Answers . . .	1959—91	Questions and Answers . . .	2159—96
Unstarred Questions and Answers . . .	1991—2023	Short Notice Questions and Answers . . .	2196—98
Motion for Adjournment <i>re</i> Arrests in Calcutta of prominent workers connected with the All-India Trade Union Congress—Ruled out of order . . .	2024—29	The General Budget—List of Demands— <i>concl'd.</i>	
Statement of Business . . .	2029—30	Demand No. 39—Army Department—	
The General Budget—List of Demands— <i>cont'd.</i>		Indianisation and over-expenditure . . .	2198—2244
Demand No. 23—Indian Posts and Telegraphs Department (including Working Expenses)—		Demand No. 79—Baluchistan—	
Grievances of the Inferior Services . . .	2031—57	Repressive policy in Baluchistan . . .	2244—48
Position of the Bengal Mussalmans in the Office of the Postmaster General, Bengal and Assam Circle . . .	2057—63	Demand No. 16—Customs . . .	2248
Demand No. 18—Salt—Damage done to the poor Zamindars of the Khushab and Pind Dadan Khan Tahsils in the District of Shahpur and Jhelum in the Punjab on account of the Salt Range and the Khewra Salt Mines . . .	2064—75	Demand No. 17—Taxes on Income . . .	2248
MONDAY, 11TH MARCH, 1935—		Demand No. 18—Salt . . .	2249
Members Sworn . . .	2077	Demand No. 19—Opium . . .	2249
Questions and Answers . . .	2077—2113	Demand No. 19A.—Excise . . .	2249
Short Notice Questions and Answers . . .	2113—15	Demand No. 20—Stamp . . .	2249
The General Budget—List of Demands— <i>cont'd.</i>		Demand No. 21—Forest . . .	2249
Demand No. 28—Executive Council— <i>cont'd.</i>		Demand No. 22—Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works . . .	2250
Grievances of working classes . . .	2115—32	Demand No. 23—Indian Posts and Telegraphs Department (including Working Expenses) . . .	2250
Necessity of adapting the administration to meet modern economic needs . . .	2132—57	Demand No. 25—Interest on Debt and Reduction or Avoidance of Debt . . .	2250
		Demand No. 26—Interest on Miscellaneous Obligations . . .	2250
		Demand No. 27—Staff, Household and Allowances of the Governor General . . .	2250
		Demand No. 28—Executive Council . . .	2251
		Demand No. 29—Council of State . . .	2251
		Demand No. 30—Legislative Assembly and Legislative Assembly Department . . .	2251

	PAGES.		PAGES.
SATURDAY, 23RD MARCH, 1935—		TUESDAY, 26TH MARCH, 1935—<i>contd.</i>	
Statements laid on the Table	2531—37	Election of Members to the Court of the University of Delhi	2762
Election of Members to the Central Advisory Council for Railways	2538	Government's Right to make any modification in the business of the House	2762
Election of Members to the Standing Committee for Roads	2538—39	Demands for Supplementary Grants in respect of Railways	2763—90
Election of Members to the Imperial Council of Agricultural Research and its Governing Body	2539	Demands for Supplementary Grants	2790—2825
Bill passed by the Council of State	2539		
The Indian Finance Bill—Discussion on the motion to consider not concluded	2540—65, 2567—96	WEDNESDAY, 27TH MARCH, 1935—	
Statement of Business	2565—67	Questions and Answers	2827—55
MONDAY, 25TH MARCH, 1935		Short Notice Question and Answer	2853—57
Questions and Answers	2597—2639	Motion for Adjournment <i>re</i> Reservation of the Highlands of Kenya for Europeans—Withdrawn	2857—59
Unstarred Questions and Answers	2639—58	Election of a Member to the Council of the Indian Institute of Science, Bangalore	2859, 2898—2913
Short Notice Question and Answer	2659—61	Demands for Supplementary Grants	2859—98
Statement of Business	2662—65		
Election of the Public Accounts Committee	2665	THURSDAY, 28TH MARCH, 1935—	
Statement laid on the Table	2665—70	Questions and Answers	2919—57
The Indian Finance Bill—Motion to consider adopted	2671—2714	Statement <i>re</i> Tribunal for Indo-Burma Financial Settlement	2958—60
TUESDAY, 26TH MARCH, 1935—		Motions for Adjournment <i>re</i> —	
Questions and Answers	2715—58	Working of the new Constitution by Indians despite disclaimers—	
Motion for Adjournment <i>re</i> Financial adjustments between India and Burma—Adopted	2758—61, 2802—25	Ruled out of order	2960—64
Election of the Standing Finance Committee for 1935-36	2761	Confidential report made on Members of the Legislative Assembly—Ruled out of order	2965—68
		Demands for Supplementary Grants	2968—3025

LEGISLATIVE ASSEMBLY.

Thursday, 14th March, 1935.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to unstarred question No. 19 asked by Mr. Sham Lal on the 13th February 1935.

PROSECUTIONS INSTITUTED BY THE EXECUTIVE OFFICER, MEERUT CANTONMENT, AGAINST CERTAIN GHEE SELLERS.

(a) Yes. The sanction of the Cantonment Board was not necessary, as the Executive Officer has been authorised by the Cantonment Authority by general order under section 266 of the Cantonments Act to file complaints.

(b) Yes. Three cases were compounded under the provisions of section 267 (1) of the Cantonments Act, 1924. The Executive Officer is authorised by the Cantonment Board to compound cases.

(c) & (d) The reply is in the affirmative, but as will be seen from the answer to part (a), there was no question in this case of the use of section 25.

(e) Does not arise.

Information promised in reply to starred question No. 282 asked by Mr. Sham Lal on the 18th February, 1935.

TAX IMPOSED ON MENIALS IN THE DALHOUSIE CANTONMENT.

(a) and (b). Yes.

(c) No. A tax on menial and domestic servants is imposed in the Dalhousie, Dharamsala and Murree Municipalities.

(d) Government are not aware that any unemployment has been caused by the tax in the Dalhousie Cantonment.

(e) No.

Information promised in reply to starred question No. 550 asked by Mr. Anugrah Narayan Sinha on the 25th February, 1935.

CONFIDENTIAL ENQUIRY MADE IN BIHAR AND ORISSA. FROM PRIVATE MEDICAL PRACTITIONERS ABOUT THEIR WILLINGNESS TO VOLUNTEER FOR WAR SERVICE OR IN ANY NATIONAL EMERGENCY.

The enquiry was made by the Bihar and Orissa Government at the request of the local military authorities. The request was due to a misunderstanding and has been cancelled.

Information promised in reply to starred question No. 764 asked by Mr. M. Ananthasayanam Ayyangar on the 9th March, 1935.

COTTAGE MATCH INDUSTRIES IN INDIA.

- (i) Information is not available.
- (ii) The amount of excise duty collected on cottage matches factories upto the end of January, 1935, is Rs. 2,78,806-2-5.
- (iii) The Honourable Member's attention is invited to my reply to Mr. Chettiar's question No. 761 in this session.

Information promised in reply to unstarred questions Nos. 212 and 213, asked by Maulvi Syed Murtaza Sahib Bahadur on the 9th March, 1935.

INCREASED EXPENDITURE OF THE AJMER MUNICIPAL COMMITTEE.

212. (a) (i) Proposals under consideration for the improvement of Municipal administration in Ajmer, include town planning, improved water supply and drainage.

These schemes will require considerable expenditure, the amount of which cannot however at present be estimated.

(ii) No.

(b) No. It is proposed for the present to continue the existing arrangement

AFFAIRS OF THE AJMER MUNICIPAL COMMITTEE.

213. (a) (i) No.

(ii) No. Dr. Shakur resigned but not for the reason implied.

(b) Does not arise.

(c) No.

(d) No.

(e) No.

(f) Does not arise.

THE INDIAN FINANCE BILL—contd.

Qazi Muhammad Ahmad Karmi (Meerut Division: Muhammadan Rural): Sir, yesterday I was discussing the attitude of Government towards the masses of this country. I was saying that Mr. Roosevelt relieved the agricultural and industrial depression in America by leaving the gold standard, or, in other words, by making the currency notes inconvertible and thus reducing their value in the markets to the extent of 40 per cent. and thereby raising the prices of the agricultural products. This was only so far as the markets were concerned, but, for the payment of debts and taxes of the Government, the currency notes, being legal tender, retained their old value. Thus the agriculturist, by this devaluation of the dollar, got the same price for his products as he was getting in pre-depression days, and the effect of depression was taken away.

If the Government of India seriously wanted to help the agriculturists and industrialists of India, they could have easily followed the steps taken by America. But, to this proposition, the answer of the Government of India, in addition to what was said by the Honourable the Finance Member regarding the bad effects of inflation, would be that in India the habit of using currency notes is not well-established, and, to make them inconvertible, would mean a sharp blow to the whole currency system. For the sake of argument, I concede that there is some truth in that statement, but if Government were to exercise a little of their imagination in the interests of India, they could have easily discovered that there already exists a circumstance in India which would have facilitated their following the example of America. It is that the silver rupee is an overvalued coin. It contains silver worth only about 9½ annas. If Government simply open the mint for the coinage of silver rupee to the public, the value of the rupee in the market will fall down by about 40 per cent, and the price of the products will go up, if not to the same extent, at least to a considerable extent. For example, if wheat is now selling in the market for 16 seers in the rupee, it will come down to nine or ten seers a rupee, and the whole agricultural and industrial world would feel the benefit at once. The agriculturist would be able to pay his debts, the poor zemindar would be able to save something, and the problem of unemployment would be solved. We must remember again that Government and the creditors would also not be losing anything. When the land revenue was fixed by Government and the loan was advanced by the banker, the value of the rupee in terms of commodities was the same as it would be after that change, and thus they are to be deprived of an illegitimate gain, but they lose nothing. Have the courage to follow Mr. Roosevelt and you will feel appreciable improvement in a couple of months. But, are the Government of India prepared to do that? No. I am afraid not. There would be a hundred and one excuses for that. At first, the excuse was that it was only an experiment in America, and we should wait and see. We have waited and seen. And what have Government now to say about it? Yesterday, the Honourable Member said:

"I feel sure, in India inflation will raise prices of imported manufactured articles to a greater extent than those of agricultural products. I feel equally sure that the first benefit of such a rise in prices as occurs in agriculture will be largely absorbed by the middlemen, and so the unfortunate cultivator will pay much more for what he buys and get very little, if anything more, for what he sells. His last state would be much more desperate than his first."

He admits that there would be an improvement in prices, but, he says, the benefit would not reach the peasant and the rise of price of imports would adversely affect the tenant. Probably the Honourable Member thinks that the Indian cultivators uses motor-cars and lives in English style supplying his necessities from England and other European countries, and will thus have to pay more. I am afraid he has not probably seen him. He is a man who has not got sufficient cloth to cover his body and sufficient food to feed his family. He is destitute and does not live on imported articles or even mill-made cloth. Do not deny him the little gain which can save his life and profession on such excuses.

The other excuse of the Government is, as was repeated yesterday, that India is a debtor country and has to pay up her liabilities in sterling. The fall of the price of the rupee in terms of sterling would make the

[Qazi Muhammad Ahmad Kazmi.]

commitments very large and the taxation would have to be made very heavy. But that would not have occurred if that policy had been adopted at an earlier stage, as then our exports would not have gone down to such a large extent; and, secondly, if Government had stopped the export of gold and purchased it themselves, they would have accumulated sufficient gold for the purchase of sterling for paying up the liabilities of India. If Government have the interest of Indians at heart, there can be a hundred and one ways out of the difficulty. Where there is a will, there is a way. Is it not a fact that when England went off the gold standard in 1831, it was also a debtor nation? Its foreign credits were mostly frozen credits and its debits were living debts. Did England hesitate to leave the gold standard for the reason of its indebtedness? No; on the other hand, its indebtedness was the chief reason for leaving the gold standard. When the Government of England left the gold standard, the Government of India did not hesitate to link the rupee to the sterling, but they say that no further devaluation is proper. Japan, by the extreme devaluation of the yen, overwhelmed the markets of India; and yet to the Government of India, all the others, in spite of their successful results, are on the wrong way, and they, in spite of their failure, are on the right path. All countries of the world are saving their agriculture and industry by devaluing their currencies, and what the Indians demand is not to devalue the rupee, but only to do away with its overvaluation. They want that the price of the rupee for some time at least be made the same as the amount of silver contained in it. That can be easily done by opening the mints to the public for coinage of the silver rupee. The mints in every country are open to the public and were always open to the public in India till 1893, when they were closed in the interest of England. Let them once more be opened, if not for all time to come, at least only to remove the present depression; and then we will admit that the Government of India have the interest of Indians at heart and is a "Government for the people". But, are the Government prepared to do that? No, not in the least. On the other hand, they are bent on making that position more and more difficult of attainment. In the present budget proposals, they have further reduced the price of the silver, so that the excuse of not opening the mints might assume greater force. Look at the difference of the treatment of Indians by the Government of India and the treatment meted out by the Americans to the British Government. The Americans accepted the payment of an instalment of debt by the English in silver instead of in gold and, not only that, but they accepted the silver at a far higher rate than the market rate. They accepted it at 50 cents. an ounce at a time when the market rate was 36 cents. an ounce. The Americans wanted to increase the price of the silver. But the Indian Government is bent on reducing the price of silver, that is, the price of the silver ornaments of the poor and afflicted peasants of India at this time of depression. Of course, strange are the ways of the Government. They have got so much the interests of Indians at heart that, in matters of finance, they must do the reverse of what other nations of the world are doing. If other nations of the world stop the export of gold in the interests of their countries, the Government of India must encourage the export of gold in the so-called interests of India. If other countries make an attempt to increase the price of silver, then it is in the fitness of things that the Government of India must decrease it. If you request them that they may follow the ways of their masters in England, then they are prepared to say that in

this matter their masters are wrong. But I appeal to them to have pity on the condition of the masses in this country, to take courage in both their hands and follow the example of America. Then they will find the afflicted agriculturist, the ruined zamindar and the workless educated getting a vestige of prosperity and singing the praises of the Government. If they govern in the interest of India, then they need not fear the agitator, the Communist or the terrorist. With the prosperity of the country, they will all settle down to peaceful occupations.

Leaving that question, I only want to say a few words about the way in which the Finance Bill and the budget are put before the House. The proposals that are now before the House are being made after the budget is over: that is, all the items of expenditure have already been decided upon and, whether approved of by this House or not, are to remain there by the force of certification. Now, we are called upon to express our views about the revenues that are to be realised to meet that expenditure. Now, what is our position? If we cut off any of these items of revenue, it will be said that we do not feel our responsibility as we do not consider as to wherefrom the expenditure of the Government is to be met. As was remarked the other day--and rightly so--instead of cutting the coat according to the cloth, as every reasonable and sensible person is expected to do, we must provide the cloth for the coat, the dimensions of which have already been decided upon. But our difficulty does not end there. If we were given the full power of providing the cloth, as we wanted, we might even then have helped the Government. We would have provided for certain sources of income which would have covered any diminution of revenue brought about by our recommendations, but we have not got the power of doing that even. The position to which we are thus reduced is this, that we can be considered to be people who feel their responsibility only in case we accept the Bill as introduced by the Government. In every other case, we would be called to be irresponsible. Time and again the complaint is made that we act in the spirit of opposition for the sake of opposition: but is it not a fact that that position is being forced upon us by the Government?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should bear in mind that there are other Honourable Members who want to speak.

Qazi Muhammad Ahmad Kasmi: I am finishing, Sir. Whatever might be the tradition, the method of passing the expenditure first and taxation afterwards is very illogical. This method in itself contemplates forcible realisation. As you have reminded me, Sir, I am not going to take up much time, but only want shortly to submit that it is not only the taxations which are proposed in the budget that the tax-payer has got to pay, but there are many other taxes that we have got to pay; unfortunately some of the programmes, that have been set out by the Government for the uplift of the masses and for the spread of broadcasting, will, instead of helping the masses, render them liable to further taxation. So far as the advent of broadcasting is concerned, it will, I know, be a direct taxation on the middle classes, because the development of broadcasting would mean the necessity of providing the people with radio sets and receivers, and the whole development of broadcasting will simply mean selling radio sets directly or indirectly through official agency. I am speaking this from my own experience: instead of helping the middle classes, it will be a burden on them.

[Qazi Muhammad Ahmad Kazmi.]

The secret circular of the Government that was recently issued, I know, has, to a certain extent, led the Provincial Governments to increase the tours of the officers in the interior of the country; from my experience, I can assure this House that everybody in the country is shivering at the idea. They think that now the villages even in the interior will not be safe from the depredations of officials. In this way, there is the danger that the poor agriculturist will be liable to further taxation in the form of forced gifts and supply of articles that are to be made to these unwelcome guests. So, it is not only the taxations that are under contemplation by this House, but there will be other taxes as well to be borne by the taxpayer of India.

As regards taxes on incomes below Rs. 2,000, I submit, they are taxes on persons who have got no accounts and who cannot prove what their income is; and this is to the knowledge of the legislators; the result is, that in all such cases, the taxes often fall upon people who are only guilty of being a "*safaid posh*" or who carry on small trades. It is a matter within the knowledge of everybody in India. With these remarks, I close my speech.

Maharaj Kumar Vijaya Ananda Gajapatiraj (United Provinces: Landholders): Sir, it is said that on the occasion of the consideration of the Finance Bill, all things under the sun may be discussed

Mr. President (The Honourable Sir Abdur Rahim): The Chair hopes not.

Maharaj Kumar Vijaya Ananda Gajapatiraj: I like to utilise this opportunity. The Honourable the Finance Member has shown us the way how to be direct in the method of approaching the topic, businesslike in disposing of it, and to save time. I shall try to follow him.

From my brief experience of this House—and I have not been negligent in having that experience—I have been struck with the varieties of interests which have found voice here, and diversities in the angle of vision which are apparently disclosed by them. Enquiries on hundreds of topics and discussions on matters ranging from one end of this vast continent to the other, present a show of motley crowd, rich in colour, enlivening in their manifold presentations, and thought-provoking in their significances. To-day, I shall refer to some of these topics. On a rapid glance over the proceedings of a fortnight, I find no less than 44 specific topics upon which calls on the public purse have been discussed. We have discussed on aircrafts, aeroplanes, and aerodromes; broadcasting, wireless and trunk telephones; sugar industry, match industry, lac industry, glass industry and oil mines; Tungbhadra project, University contributions, traffic survey in Sind, all of which, I admit, legitimately claim their share from the public fund. Of the existing charges on the Treasury, Provincial contributions, army benefit fund, war pensions, political pensions, protection to industries have had our anxious attention. We have demanded locomotive factories, rent-free quarters for certain class, new extension of railway lines, welfare officers, and Indianising of Trade Commissioners. Incidentally, we have not neglected to attend to our little comforts and furniture in the new quarters here, fans for railway passengers, benches on lawns and such other matters.

Sir, let me not be misunderstood. I am not speaking against any of these topics. But this is the occasion to take stock of all our demands and husband our resources in terms of the demands. This is how I take this Finance Bill discussion to be. If it is claimed that he who pays the piper, may call for the tune, the piper may well say that here are the tunes which have been already called for—please take that into account. By formulating our demands on different items of more or less importance and trying to extract promises from the heads of departments concerned in these matters, we have on this occasion to hear from the heads of departments—Well, here are the things we have to provide for—there must be special provision in each department for adequate financial supervision. They can well say—We shall be responsible first for all payments made by the Department and secondly for representing in terms of cost all the proposals which proceed from our department. In my humble opinion, this is the position we are in, when we discuss all and sundry from the man in the moon to the supply of ribbon and nibs in offices in discussing the Finance Bill. Of course, it is my own angle of vision.

I have ventured to raise these points, because I feel that everything in a modern State depends on money supply. And I am afraid many a reform, many a legitimate claim are ship-wrecked on this rock of finance. Nevertheless, we as representatives of particular interests have our grievances. We shall place them before the question of supply is solved.

Sir, the Government of India may be aware that the landlords and Talukdars of the United Provinces have made representations to Sir Malcolm Hailey about the hardships they are suffering from. I shall be failing in my duty if I do not refer to at least two of them. The rules for the realisation of revenue need revision so that the position of the landlords may not be jeopardised, and I must strongly and respectfully urge that the landlords should be consulted when remissions of rent and revenue are decided upon.

In this connection, I should also give vent to the apprehensions of the Talukdars of Oudh regarding the observations of the Joint Parliamentary Committee in paragraph 371 of their report. The Committee cannot give an assurance that "every promise or undertaking made by the British Government in the past" will be maintained "unaltered and unalterable for all time". These may change as the "natural consequences of the change to responsible Government". I must say that the apprehensions are reasonable.

Sir, coming to the actual burden of the people, I beg to place before this House my own points of view regarding two questions, which I have gone into a little. I feel the present postage rates on letters and postcards are strongly resented by the general public, and the income-tax burden on people having limited income between a 1,000 and 2,000 is also too much for them. I looked into the discussions on these two matters of the last few years. As to the postage, Sir Frank Noyce expressed his view on the 22nd March, 1938: "Any reduction in postal rates would involve us in an immediate and heavy loss", although he admitted that "volumes of traffic may result from reduction in postal and telegraph rates". Therefore, the question resolves itself into the problem whether the public utility service of the Postal Department should be subordinated to the commercial considerations of profit and loss.

[Maharaj Kumar Vijaya Ananda Gajapatiraj.]

There is the other question of income-tax burden on people with low income. Last year, on the 27th March, 1934, Sir George Schuster raised the bogey of loss of Rs. 75 lakhs and said that he had discussed this question fully in the previous year, and perhaps he laid main stress on the low level of prices which meant, according to him, a good deal more than the level of prices prevailing five or six years ago. On looking into the debate of 1933, it will be found that on the 25th March, Sir George Schuster gave various reasons for retaining this income-tax burden. One of his reasons was that with the average income of Indians at Rs. 80 per head per annum, the man who gets between a Rs. 1,000 and Rs. 2,000 is in a comfortable position. I need not go into this question in detail. But one thing, I may mention, is that in spite of all the changes in our Indian life, deliberate or by force of circumstances, the unit of economic life is still the family and not the individual. All other arguments of his were based mainly on fall in prices. I urge on the Honourable the Finance Member to bear in mind that now the level of prices is again rising, this burden on persons who maintain hand-to-mouth existence should be done away with.

By confining my attention to these two topics, I do not minimise in any way the value of the financial commitments which may be necessary otherwise. I have based my observations on the most modern tendency in dealing with the economic problems. I am still a student and would like to take my lessons from the well-known thinkers and writers. Dr. Herman Finer in his recent well-known work on Modern State has traced the psychology of the modern clamour for economy and has found that it derives its volume "perhaps more from the impulse 'to do what one likes with one's own' than from the desire to see money well spent by the public authorities".

Lastly, I submit that a hope has been raised that we are all working for responsible Government—a new dawn and the Spring is near. The Honourable Sir James Grigg is striving to give a new orientation. It is upto him to leave some margin in the hands of everybody in India. In that hope, I shall conclude with another quotation from the said learned author: "Engraved upon the heart of modern society, to a depth reaching to its inmost core, is the motto of a Birmingham Bank, 'He who has, is' . . . for though it is not everything to modern man, it is much. 'He who has, is', that is not all. 'He who has, governs'".

With these words, I resume my seat.

Sir Ghulam Hussain Hidayatallah (Sind Jagirdars and Zamindars: Landholders): Sir, I am very thankful to you for giving me an opportunity to speak on this occasion. I can assure you that I shall be very brief, and confine my remarks to the speech of the Honourable the Finance Member and to the Finance Bill.

At the outset, I feel I must enter an emphatic protest against the reduction of import duty on wheat. This reduction will tend to decrease the price of wheat much further. It will also add to the difficulties and embarrassments of the agriculturists. Sir, it is the agriculturist who pays the excise duties to the extent of crores of rupees to this Government and also direct taxes to the Provincial Governments. Sir, mine is an agricultural province, and the cultivation of wheat is increasing in that province because of the Sukkur Barrage. The result will be that most of the people will give

up cultivating wheat, and the Government of Bombay will suffer because, the people won't come forward to purchase Sukkur Barrage lands or lease them. Therefore, I will request the Honourable Member in charge, if he wants to reduce the import duty on wheat, not to take that step at this critical moment.

I now come to the Honourable the Finance Member's suggestions. He says: "My answer is that first we should pray for a disposition in the world to return to the doctrine of cheapness and free exchange". Even if we pray in that direction, I am afraid it will be a cry in the wilderness.

An Honourable Member: Not a prayer in the wilderness!

Sir Ghulam Hussain Hidayatallah: What is every country thinking of? Self-sufficiency. What is every country doing? Everybody wants to depend on his own resources. In order to protect their products, they are raising tariff walls, and they are entering into agreements with other countries. If we follow the policy of the Honourable the Finance Member, I am afraid that we will stand alone, and I do not think we will benefit by it. I come to his second suggestion. He says: "My second answer is that we must do what we can in innumerable small ways to improve the condition and increase the efficiency of our producers, particularly our primary producers". He has not mentioned the ways, but in his speech of yesterday he told us that there was over-production of agricultural products in the world; therefore, he seems to be against any increase in agricultural production. The prices of agricultural produce have fallen considerably. It is the agriculturist who pays all sorts of taxes, and the Honourable the Finance Member has not made any suggestion to improve his condition. Then, my Honourable friend has not made any constructive suggestion how to balance the budget hereafter. He knows that crores and crores of rupees of emergency taxes have been piled on the people of this country, and, according to his own budget, he has shown that the expenditure is increasing. He has admitted that the revenue from opium and the revenue from the import duty on sugar will ultimately disappear. How is he going to provide for those contingencies, may I ask? Supposing the depression does not disappear, nobody can forecast or foretell the future, is he going to resort to further taxation? I am afraid this House will not lend its support to additional taxes. I was sorry when I heard him justifying the heavy military expenditure, which we say this country cannot afford. Well, I will quote for his information the opinion, not of the Members of this House, but of a very independent and impartial expert,—I refer to the opinion of Sir Walter Layton. He said:

"It is to be remembered that the extent to which taxation is felt as a burden depends very largely on the objects on which a Government spends its revenue. Thus, it has been frequently pointed out that taxation for the purpose of paying interest on an internal debt is, economically speaking, a transfer of wealth within a country, which may—it is true—hamper enterprise, if the method of raising the revenue is unwise, but which need not do so or affect the total saving power of the community. Again, wise expenditure on social services, and particularly on health and education, should be remunerative in the sense of increasing the wealth-producing power, and, therefore, the taxable capacity of a country. Security is, of course, essential, if production is to develop but it cannot be claimed for expenditure on defence either that it is a mere redistribution of income, or that it promotes productive efficiency. Indeed, economically speaking, it is the most burdensome form of expenditure, and this is particularly the case where, as in the case of India, the army contains a large element drawn from elsewhere. If, therefore, the high 'defence

[Sir Ghulam Hussain Hidayatullah.]

ratio' in Indian Government expenditure is partly due to the low level of other expenditure, it remains a peculiarly burdensome one, and it would be reasonable to assume that, even if the total expenditure of India were increased, the burden would be more tolerable and more readily borne, provided this particular charge were diminished."

I am glad that yesterday the Honourable the Finance Member has given a complete reply to the Army Secretary's argument that as regards the ratio of defence expenditure we must take the total revenue of India, that is, of the Central Government and of the Provincial Government. The Honourable the Finance Member explained to us yesterday that under the Government of India Act there is a distribution of functions as well as of revenues, and that the Central Government have to deal with the more important functions such as Defence, and, therefore, they are given the more important and expanding sources of revenue. I am sorry, the Army Secretary is not here. Another argument that was brought forward by the Army Secretary in defence of the high military expenditure was that the civil expenditure in proportion has increased more than the military expenditure. I think that is a very fallacious argument. One evil does not justify another evil, two wrongs do not make one right. When we talk of the heavy military expenditure, no heed is paid to our cry. Most of the Honourable Members in this House suggested a reduction in the heavy military expenditure, which this country cannot afford, by Indianising the army. Indianisation was supported even by my gallant friend, Captain Sher Muhammad Khan, a nominee of the Government. He told us, in clear terms, that Indians are as gallant and as brave as any other soldiers, and that they had given very good proof of their gallantry during the War. Even as regards leadership, he showed that Indians had proved worthy of leadership. And who were those people? They had no training at Sandhurst or at Woolwich. Now, when the Government have started the Dehra Dun College to give a regular training like the training at Woolwich or Sandhurst, I think, if they consider our cadets from Dehra Dun unfit for leadership, the sooner they close the Dehra Dun College, the better for all. ("Hear, hear" from the Opposition Benches.) So, there is great room for retrenchment. I will request the Honourable the Finance Member to carry out drastic retrenchment in military expenditure as well as civil expenditure, and I will further request him to support the expansion of industries in this country, because we know that agriculture is not sufficient for the teeming millions of India to keep them in comfort. With these words, I have done.

Mr. Surya Kumar Som (Dacca Division: Non-Muhammadian Rural):

Sir, I am not an economist nor a politician. I am a simple layman living in the mufussil, in touch with the masses and classes in the villages. I do not claim to know much of economic and political theories, but I do claim that I know what touches the masses of the people and the cause of their sufferings. That I claim to know better than those who live in big cities and far away from the country side.

Sir, I have been noticing that, from various economic points of view, this question of taxation has been argued, and my Honourable friend, Mr. Pant, yesterday made out a very strong case for change of the taxation policy of the Government. He based his reasoning on facts with some reference to economic theories. I am not going to refer to any economic theory. But I say that one thing must be accepted by the House, that unless this extravagance in administration, both civil and military, is

stopped or curtailed, you cannot escape from the effects of drastic taxation. If you are to spend money, you must have the money. I would, therefore, ask Honourable Members of this House to concentrate their attention on how to curtail the expenditure or rather how to compel the Great Moghal in London to cut his coat according to his cloth. For this expenditure you must have money. I do not know what influence the Finance Member exercises over the Cabinet of the country. I am not conversant with the powers he has got. To me it seems that he is something like a Treasurer or a distributor of the money demanded by his masters. His position, I do not think, is enviable at all. They say to him: "We want money for this purpose and that purpose. You must find the money". That seems to be his position and the poor gentleman goes on exploring all avenues by which he can get the money, and, consequently, for the time being, he ceases to be a man with any feeling looking only to the sources from which he can get money. That is his position, as I understand it. Now, Sir, the very high taxation obtaining in this country is not really the grievance of India. The real grievance is that no portion of this taxation goes to improve the condition of the country, to develop its industries and to make its people economically richer than they are. That is the gravamen of our charge. Of course, we know that taxation is a necessary incidence of every Government, whether civilised or uncivilised. That we know; but, in all other countries, taxes are utilised to improve the condition of the people, to improve the economic situation of the country. Why is all this magnificent administration in this country—if it is not going to govern the country in a way that will make the people economically happier than they are? Sir, taxation should *pari passu* improve the economic condition of the people and the economic position of the country. If that is not done, the people will become poorer and poorer, more incapable to pay taxes and will groan under it, hastening revolution in one shape or other as the inevitable result. If the money is used to improve the economic position of the people to an effective extent, they will certainly welcome the taxation, but that is not to be found under the present administration. I will go back to the 18th century to give a little idea of the principle upon which the administration used to be run in those days and which continues today. Sir, in the beginning, these foreigners—these Englishmen—came here as merchants, and, according to the ordinary ethics of a merchant, they began to shake the pagoda tree to any extent to get the money they required. Not only that. They did something else; to improve the industry of England, they began to destroy the industry of India. They exploited us for their own gain for the Company's gain, to enrich their own country. They could not do it effectively unless the thriving industry of India, which could hold its own against any competition, was checked if not destroyed. For that purpose, what did they begin to do?

Mr. President (The Honourable Sir Abdur Rahim). The House would prefer to hear something about the Finance Bill.

Mr. Saryya Kumar Som: Sir, I will give only one or two instances. We all know how the cotton industry of Bengal was ruined. They found that cotton fabrics were exported in large quantities to England and other foreign countries. We all know how the finest fabrics were made in Dacca known all the world over as the Dacca Muslins. They put duty after duty on it, and when that also failed, they went to the length of

[Mr. Suryya Kumar Som.]

-cutting the fingers of the expert weavers in order that this sort of fabric may not at all be produced in Bengal.

About the silk industry, the story is the same. Large quantities of silk were exported from India to England and to most European countries. England began to tax it by and by. When the taxes failed, they took to enacting the most iniquitous law imposing fines and imprisonment on those who used Indian silk.

These are facts which are recorded in history and which are known to almost all the Members of the House. Take the case of ship-building. Large numbers of well-constructed ships used to ply between England and India, with Indian merchandise, that drew the attention of the English people and by various means they destroyed that industry, and now they say that India has not got enough of ships, whenever the claim is made by our countrymen that India should embark on ship-building. So this is the way the Britisher began the administration of this country in the dark days of the beginning of the British rule in the eighteenth century. Sir, having destroyed all these industries, they forgot that they in fact killed the very hen that lay golden eggs for them. (Laughter.) Sir, it is thus that the country lost all its industries, and the economic condition of the country became, from day to day, worse and worse. On the other hand, Sir, the taxes are increasing day by day—and a peculiar situation has been created: the people are groaning under heavy taxation, and the Government are in difficulties in running the extravagant administration—an administration which I make bold to say is the most expensive administration in the world. That is the situation with which we and the Treasury Benches find ourselves faced now. What I ask the Treasury Benches today, Sir, is to retrench their expenditure in the administration, both judicial and executive, and of course in the military also. They must cut their coat according to their cloth or else it will be impossible to realise the taxes that will be necessary to run this most costly administration. Sir, we do not find that there is any earnest endeavour on the part of the Government to help the country and to improve its economic power, and unless they can do it, the only other course left for them is to retrench.

Now, do you find any serious attempt at retrenchment? When there is a talk of retrenchment in the services, the only thing we see is that poorly-paid clerks and other subordinates are readily retrenched, whereas the civil services and other similarly highly-paid services remain absolutely untouched. Surely, that is not retrenchment, and that sort of retrenchment will not do for finding out the money which they want. If I am now to cite certain instances to show the disparity of the pay of the higher and lower services in India, as compared with the pay of the higher and lower services in England, that will at once expose the extent of extravagance. We often times talk about the high pay of the Government officials, but few of us have the time or the opportunity to look into the real facts. The House will excuse me if I cite one or two instances to show the enormous difference that exists between the pay of officials in England and the officials here. First of all, let us consider the per capita income of an Indian. Sir, it is only £3 a year, whereas the per capita income of a Britisher is £50, a year. Thus, the average income of the Britisher is over sixteen times the average income of the Indian. That being the economic situation of the country, that being the comparative position of the people,

look at the respective scales of pay of the two countries. I will give two or three instances only. Sir, you will find that the Prime Minister of England is drawing only £5,000 a year, whereas our Governor General, who runs a subordinate administration, is paid as much as £20,000 a year. The pay of the Secretary of State for War in England is £5,000 a year, whereas our Commander-in-Chief is drawing as much as Rs. 8,333 a month. The Members of the Executive Council of this Government are drawing about Rs. 6,666 per month each—far more than the Prime Minister of England.

Now, if you come to the provinces, you will find the Governors drawing Rs. 10,000 a month, their Ministers drawing Rs. 64,000 a year, and their Executive Councillors are drawing equally large sums besides the overseas allowances, the Lee concessions and all other things. It is evident that the comparative economic position of an average Indian is one-sixteenth of the economic position of an average Englishman. But you will find that the pay of officials in India, on the contrary, is almost double of that in England in every case. Sir, considering the responsibility of the work and the trouble of the Prime Minister of England, who practically rules over the whole world (*Voices*: "Oh, oh, oh.") he is satisfied with £5,000 a year, whereas our Ministers, our Executive Councillors—and there are lots and lots of them now-a-days, compared with some years ago—are drawing more than Rs. 6,000 a month. Sir, unless this extravagance in the administration is reduced, I fear there is no hope of reducing the taxation, and, I think the House will agree with me, that the administrative costs may safely be reduced by one-half without any difficulty, and without in the least endangering the efficiency either of the civil administration or of the military administration. I appeal to the Honourable Members of this House to combine and see whether we can have a real retrenchment in the Army and in the civil administration; and unless you do it, I say, Sir, it is no use pointing out economic theories and such other things. The actualities are there. I may tell you, Mr. President, that this high salary is not only ruinous to us in point of the money which is taken away, but there is another aspect which is more dangerous to the people in its effects and is more mischievous in its results. It seems to me, Sir, that there is a policy that underlies the maintenance of these highly-paid services. We know there are many Indians also who are paid at these very high rates of pay and also enjoy other extraordinary concessions. Even in the Provinces, the pay of the members of the lower services—the Deputy Magistrates and Munsifs and all others—has been increased to such an extent that they are drawing more income than a first-class man, in an ordinary profession and in the trade can now possibly earn.

I think, Sir, there is a policy that underlies all these things,—namely, to denationalise and un-Indianise our people in the Government services. By having more money than they really need, they get into luxurious and extravagant habits of the West—forget their own culture, and leave off the villages; they do not mix with the ordinary middle-class people, who, I must point out, are really the backbone of the country; they do not mix with the cultivators and the masses: as a matter of fact, Sir, they look down upon the cultivators and like to think middle class people from which the majority of them are recruited as people not belonging to their class altogether. By that, Sir, they are taking them out of their moorings; they are un-Indianised and they

12 Noon.

[Mr. Suryya Kumar Som.]

take to the habits of Europeans—cut off from Indian society, cut off from the villages and practically cut off from the national culture. That is the idea underlying this high pay. I am strengthened in this opinion by the fact that whenever there is a proposal for increment of pay, we find the Government take it up at once. I remember, Sir, that when the proposal to increase the pay of services was raised, the Lee Commission was appointed and, within three months after the enquiry began, the report was published and it was given effect to without any delay. Well, Sir, no Commission or enquiry was held in India whose findings were carried out in greater hurry and in such a short time as the recommendations of the Lee Commission. Was it of such an importance? Was the Empire dying for giving increased pay to the Indian Civil Service in the shape of overseas allowance, etc.? I say, there is a sinister principle underlying these high emoluments. This is how I look upon it. What do we see in the whole administration? What do we find in New Delhi? You have all these magnificent buildings, the huge Viceregal Lodge, big roads, luxury all round,—very expensive, if not more expensive in grandeur and splendour than the Mughal Emperor. Sir, it looks as if the British Government are vying with the Mughal Emperors of old and want to outstrip them in the eastern splendour. In a poor country like India, if the Government want to spend vast sums of money on these splendours and things like that how can they get the money without taxing? Surely they are not expected to bring the money from England. The alternative is to tax the poor people who are already groaning under poverty. They have been borrowing till now, but now the borrowing of the Government has come to an enormous limit and they have now had recourse to further taxation. Sir I can only say that all these iniquities that brought about the ruin of India were dug out of the archives of the old records of the East India Company and its Despatches. That great man, Saksharam Ganes Deushkar, in his book *Deshar katha* wrote all these things. He did not make any comment. But that book our benign Government has already proscribed and it is no longer in existence.

Now, Sir, this brings me to a passing reference to the question that was agitating the people's mind for a long time. We find the civilised world, particularly the Englishmen, stigmatising the Vandals who destroyed the libraries and such other things in the days of past. But I say Sir, those Vandals did not do more mischief than what the Government here are at present doing by proscribing such books. Those Vandals destroyed only one or two libraries, but they never destroyed all the books in the way that our present Government are doing by the proscription law. So, even now we find ancient books which recorded the history of the ancient people, their culture and civilisation despite the vandalism of the Vandals. But at present so far as vandalism which goes by the name of the law of proscription is concerned, it effaces out of the earth even the very traces of such literature which recorded the misdeeds and the misdoings of the British bureaucracy.

Sir, I now come to the question that vitally concerns us. It is admitted that the price level of the produces is at the lowest now. It is well-known that India has not yet recovered from the world depression which it began to experience ever since the Budget was introduced a few years ago imposing new taxes. These Budgets have not done any justice to the people of this country. Has the Honourable the Finance Member

followed any canons of public finance? Sir, there is some surplus this year. What does the Honourable Member do with that surplus? He does not care for the millions of people who are groaning under the pressure of heavy taxation. He does not give any relief to them. He, finding some surplus in the Budget, at once goes to the relief of the already pampered Government servants by restoring their cut salaries. The Government servants in India are the most highly paid people in India. There is again the fact that the purchasing power of money has gone up in these days of depression. Are the Government servants dying under the pressure of this paltry five per cent. cut in their salaries? Was it more necessary to relieve the Government servants of their five per cent. cut than to relieve the poor masses who are groaning under heavy taxation? This shows clearly the shamelessness, the callousness and the want of feeling and the want of sympathy in the Government for the poor masses. This is not certainly the only instance of want of sympathy on the part of Government for the poor people in India. I cite this only as one instance. It speaks volumes about the mentality of the Treasury Benches. If the Honourable the Finance Member had not restored the salary cut, he could have utilised about a crore of rupees to bring great relief to a great portion of the income-tax payer, I mean, those with an income of Rs. 2,000 and less. But the Finance Member did not consider it worth his while. He at once runs to give relief to the Government servants and he asks the people to contribute more and more every year in the shape of new taxes. Is this justice? If one thinks of all these things, one will come to the conclusion that it is useless arguing with this bureaucracy. We have read the speeches made by able men, the best men of India here inside and outside the Chamber. In these speeches made by these men, the same principle, the same economies of relieving the mass from the burden of excessive taxation was being discussed. But nobody seems to feel for the injuries and the sufferings of the nation. It is admitted that the nation is groaning under poverty. The average annual income per head is only three pounds and this is the sort of people who are being taxed mercilessly. I would ask the House to rise against this extravagant administration which is not only making us poor by taking away all our money, but it is also indirectly ruining our culture, making us un-Indians. That is the great danger. I would ask the House to stand against this sort of heavy extravagance and I say until you can check that, it is no use arguing with the bureaucracy about economic principles. My Honourable friend, Pandit Govind Ballabh Pant, gave some constructive ideas to the Government yesterday in his speech. I doubt whether those constructive ideas ever entered the ears of the Honourable the Finance Member. Far from acting upon them, I doubt whether he ever remembered them after leaving the Chamber. However, if need be we have to produce a practical scheme or a constructive scheme and demonstrate how the administration of the land can be carried out with half the cost, and if not with more but with equal efficiency. I hope some of the Honourable Members here would produce such a scheme when occasion arises. It is not difficult to produce one. Sir, this reminds me of another thing. Sir, you know there is simultaneous examinations for the Indian Civil Service in England as well as here in India. Some boys are selected here in India as a result of the examination held in India and then they are sent to England for training. You are aware, Sir, that these boys have to administer this country as Collectors or Magistrates or Judges. They have to administer justice to the Indians in the

[Mr. Suryya Kumar Som.]

villages and in the districts. For that purpose, I do not understand why they should get training in England for two years. Mark this, Sir, and look at the policy underlying this system. The boys are at once sent to England, part of the expenses are met by the Government and part by the poor fathers. The boys live in England for two years. For what purpose? Are they going there to govern England, or Ireland or Scotland or Wales—so that they ought to know the habits and culture of that land? Are they going there to know how to rule them? They are to know the people whom they have to serve. If they are to be sent anywhere, they should be sent to the villages around the districts during the training period to learn the economic position, the difficulties, the feelings, the nature and the culture of the people to whom they will have to administer justice. But that is not done. They are sent to England; and, I say, only to give them lessons in English culture, to teach them to hate their own culture and to teach them not to mix with their own people. That is the purpose for which they are kept there for two years and then they become safe men.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already taken up nearly half an hour of the time of the House, and he has not said one word about the Finance Bill.

Mr. Suryya Kumar Som: Sir, two minutes more, and I finish. Thus the money is spent, I say, with a great purpose—the purpose of un-Indianising the services. This is the spirit in which the money is spent and that is why you find difficulty in meeting the expenditure. If you go on spending money in this way there will be no end of expenditure. Sir, I ask the Treasury Bench to stop this spirit of denationalising the services and the consequent extravagance and also direct their attention as to how to bring the taxes on a par with the economic condition of the people. I do not say that you can change the whole thing all at once by a stroke of the pen but let us see in the present Finance Member a beginning of this ideal in the administration.

Sir, about this Finance Bill, I will mention a few things. First, with regard to the price of postcards and then with regard to the charge of four pice for letters of the weight of half a tola. This charge of four pice for half a tola is a fraud and a sham. We cannot write on a letter paper which is below half a tola in weight. I understand the number of deficit stamped letters has increased, and that is to the detriment of the interests of the people, but it no doubt enriches the exchequer. I, therefore, suggest one tola for one anna. As regards the postcard, I would ask you to consider that the postcard has become like tobacco a vital necessity of even the poor villagers in this twentieth century, and my suggestion is that it should be brought down to half an anna, if not less. As regards income-tax on incomes below Rs. 2,000, my Honourable friends have spoken about it. It tells upon the middle classes who are undoubtedly very hard-hit by this depression. They generally follow professions which have gone down very low and the petty traders also have suffered from low income. If you show some relief, it will be appreciated by the people, and a reduction in the price of the postcard will be a great benefit to the masses and classes alike.]

Dr. N. B. Khare (Nagpur Division: Non-Muhammadian): Sir, before I begin to discuss the Finance Bill in a most haphazard manner, I think it my duty to thank you for affording me this opportunity of speaking in this House; and, Sir, I have to thank you specially because we the back-benchers of any Party are at a great disadvantage. We may stand up scores of times, but we are not fortunate enough to catch your eye, and we being back-benchers, our front-bencher bosses, of course, overshadow us. Whatever it may be, although I admit it is our misfortune, even then there is a remedy for that misfortune. I do not blame anybody; I simply describe the pitiable condition in which we back-benchers find ourselves.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member will observe, he will find that more back-benchers have taken part in the debate than front benchers.

Dr. N. B. Khare: We feel like forlorn children

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better address himself to the Finance Bill now.

Dr. N. B. Khare: Sir, this occasion of the Finance Bill and the budget is a very important occasion in the history of any country and also that of India although it is a subject nation. Sir, when this occasion approaches, many people amongst us who are rather credulous and over-hopeful think in their heart of hearts that now is the time when the sweet and smiling celestial cherub will open the flood-gates of heaven and cause the celestial Ganges, the milky way, to descend from heaven upon the plains of Hindustan. Sir, I am not one of those who entertain such fond hopes. The fact of the matter is that there is no doubt that the celestial Ganges, the milky way, descends upon the plains of Hindustan, but the unfortunate part of the whole matter is that after descending upon the plains of Hindustan it does not flow through them. It flows directly into the English Channel in a straight and precipitous course and empties itself there with innumerable mouths. Of course I need not describe what those mouths are, they are known to all of us. They are the so many services,—the Indian Civil Service, the Indian Medical Service, the Indian Ecclesiastical Service, the Indian Agricultural Service, the Indian Forest Service, the Indian Army, the Indian Police Service, and God knows what not; and then there are the interest charges, capitation charges, trade and commerce and so on. They are all permanent leeches; of course they are medicinal leeches; they do not kill us because if they kill us they cannot afford to live. Sir, the Finance Bill which is placed before us for finding ways and means for providing money for the budget we passed the other day is a very funny thing. I compare the Government of India to a great trading concern which it was before and which it even now is.

Sir, I am not a financier and I am not a juggler with figures and I do not want to deal with the innumerable figures. I feel like chewing dry bones if I do it. Sir, I find, that half or nearly half,—may be a little less—of the revenue which we earn annually is spent upon the *chaukidars* guarding our premises. Sir, any trading concern which does that every year will not be called a trading concern at all. Not only can one question its wisdom, but if the managing director or the manager of

[Dr. N. B. Khare.]

that trading concern insists upon doing it every year, you might also call him a congenital idiot. But, in this particular instance, it is not so. If that managing director, under the garb of spending half the revenue, even though it may be for *chaukidars*, uses that money for the benefit of his own kith and kin and people who are friendly to him and interested in him, then I would not call him a congenital idiot. That is the situation which obtains in this country so far as the military expenditure is concerned

Mr. M. S. Aney (Berar Representative): What would you call him?

Dr. N. B. Khare: Cunning. The whole policy of this administration can be summed up in two words, or rather one word—domination: whether it is political or financial or both or any permutation and combination of both it does not matter. So what happens is this: the budget happens to be more or less not a people's budget at all, nor is the Finance Bill which is meant to balance that budget: but it is a budget of the services and Government servants. No wonder then that so many people, both paid and unpaid, honorary and amateurish, come forward in this House to extol the policy of this administration to the skies because it benefits them. When I look at this thing, I am reminded of a story, perhaps in the *Pancha Tantra* or somewhere, which I read in my childhood. Once upon a time, there was a marriage celebrated in the family of camels; and to recite the marriage hymns or *mantras*, asses were invited; and in that function they began to praise each other: one said to the other: "Oh, what a beautiful countenance!" The other said to the first: "Oh, what a musical voice!" I can only recite this story and stop there and will not go further. It may be like a marriage season for our friends who sit in the opposite Benches; but for us it is not a marriage it is the occasion of a funeral: in India at least every funeral is followed by a *Shradh* the next year: *Shradh* means the anniversary ceremony of the dead. On that day, what happens is that in memory of our departed ancestors and to pay respect to them, and to remember our duty towards them, we invite a couple of Brahmins and feed them for a day. Here also, what I find is this: that this annual budget and Finance Bill is an occasion of *Shradh*: and what *Shradh*? It is the *Shradh* or anniversary ceremony of the departed glory of Mother India: it only helps to remind us of our duty to our motherland. That is the only use of this budget to me, and it has no other earthly use for me. But there is one great difference. In our household *Shradh*, what happens is that we feed one or two Brahmins only for a day; but here to perform this costly *Shradh*, we have to feed not one or two Brahmins, but hundreds and thousands of white, brown and black Brahmins, and that not for one day but for 365 days in the year: and that is the Finance Bill.

Mr. M. S. Aney: It is a perpetual *Shradh*!

Dr. N. B. Khare: The reason for this is not far to seek. The British power was established in India in the following sequence—all beginning with B, just like British: wherever the British race have gone, three things have gone there in sequence: first of all, the Bible, then Balance and last the Bayonet. Bible stands for religion—Christianity as they

understand it, not as we understand it. Balance means trade and commerce. And Bayonet of course we are all familiar with it; and all these things are entirely made in Britain; they are British to the backbone, like their Bovril; and we are asked here to find money to perpetuate this policy and to support these three departments, the Bible, the Balance and the Bayonet. We cannot do it in all conscience: we know we will be forced to do it, but we will not be a willing party to it. That is my only argument. Taking the Bible, I know that there is an item in the Government of India expenses, called the Ecclesiastical Department. If I am right, about 45 or 46 lakhs per year is spent on that department. That money, which belongs to the Indian taxpayer, is spent on these white *padris*. There is no necessity to do so: it is wrong and immoral to do so; but they are doing it. I will just ask them one question. That item is non-votable: still I will ask them one question: where is the necessity of doing it? What do you spend upon the religious instruction of people who do not follow the Christian faith? What about Muhammadans? What about Hindus, and Buddhists and others? You do not spend a single pie upon them. Why then do you spend so much money upon *padris* of the Christian religion and yet parade your religious neutrality? I cannot swallow that pill: it is too much to swallow.

I once met a very venerable European missionary with whom I travelled in the same compartment when I came to Delhi to attend this Session. We had a good chat, and he himself admitted to me in the course of our conversation that all the European nations who profess Christianity now are no longer Christians at all, and he himself further said that they have given up the ways of Christianity, which every one knows, are noble, and these people have fallen into bad ways. And, Sir, what do we find today? God of these people is not Jehova, but Moloch, Mammon and Belial, and half of this money will be spent to feed the military Moloch. That is my grievance.

Now, Sir, I will not traverse the hackneyed ground. I will not talk of gold except to say that the gold policy is an operation of transfusion of blood from India to England. I will not talk of salt. I will not talk of sugar except to say that there was a countervailing duty on foreign sugar, and then the Indian sugar was protected by that countervailing duty. We were given protection, and people naturally thought that it was a good opportunity to concentrate their attention on the sugar industry, and they spent crores and crores of rupees on the establishment of sugar factories, and for these sugar factories, crores of rupees worth of machinery was imported from England, and when all the money went into the pockets of England, what do we find? We find a surprising thing, I mean the excise duty. That is all I want to say about it. Sir, I am not much fond of sugar or salt. I am rather fond of red chillies, and, therefore, I will proceed to the Army Department.

Sir, the day before yesterday we were told by the Army Secretary that the British do not distrust the loyalty of the Indian troops and the Government are following the policy of Indianisation in a proper way, that there is no racial animosity, and that there is no differential treatment in the army,—that is what I understood him to say, but, Sir, in spite of the view held by the Army Department, I would maintain that the policy of this Government, especially in the Army Department, has been the same consistent policy of distrust and discrimination and divide and

[Dr. N. B. Khare.]

rule, and I shall attempt to prove it to the House if I can, and this policy has been followed for the last 100 years, and even today it is followed in spite of the vehement protests made in this House and outside it. Sir, I shall, with your permission, quote a few passages,—it is an old quotation,—nevertheless it applies with equal force to conditions existing today!

"This question involves issues of the greatest moment demanding the most careful consideration. It appears to me to be of vital importance to the safety of the Empire that we should maintain and encourage the distinction of race feelings and habits which have, heretofore, kept the various great sections of the people of this country from coalescing and becoming a homogenous race to whom national feeling and national cohesion would be natural and possible.

The more diversity that can be introduced into the constitution of different corps the better, so that in any case of any future attempt at combination the heterogeneous character of the various regiments may present an effective bar to it, and be a source of information to commanding officers."

Mr. President (The Honourable Sir Abdur Bahim): What is the Honourable Member quoting from?

Dr. N. B. Khare: It is a book written on Indian Defence Problem by Captain G. V. Modak of the Gwalior Army.

This is what His Excellency Neville Chamberlain, Commander-in-Chief, considers:

"Each army corps ... should be distinct in race, religion and language."

Then, Lord Elphinstone (G. G.) says:

"I have long considered this subject, and I am convinced that the exact converse of this policy of assimilation is our only safe military policy in India. '*Divide et impera*' was the old Roman motto, and it should be ours."

Here is a quotation, Sir, from Brigadier Coke who would have each corps of one tribe or caste and his reasons are:

"That, in a rising of the Mussalmans, you would always have Sikhs, Dogras, Gurkhas and Hindu corps to defend or *vice versa*. By mixing the castes in one corps they become amalgamated and make common cause, which they never do if they are kept in separate corps. The result of mixing them in one corps has been to make them all join against Government and not only the soldiers but through them the Hindu and Mussulman Zamindars were incited to make common cause which they never would have done, had the races been kept in distant corps. Our endeavours should be to uphold in full force the (for us fortunately) separation which exists between the different religions and races, not to endeavour to amalgamate them. *Divide et impera* should be the principle of the Indian Government."

Here is another quotation from Lieut.-Colonel H. M. Durand, C.B., on special duty with the Governor General,—not the present Governor General, of course. This is what he says:

"As we cannot do without a large native army in India, our main object is to make that army safe, and next to the grand counterpoise of a sufficient European force, comes the counterpoise of natives against natives.

To preserve that distinctiveness which is so valuable and which, while it lasts, makes the Muhammadans of one country (province) despise, fear or dislike the Muhammadans of another. Having thus created distinctive regiments let us keep them so against the hour of need.

By the system (of distinctive regiments) thus indicated, two great evils are avoided, firstly, that community of feeling throughout the native army and that mischievous political activity and intrigue which results from association with other races and travel in other Indian Provinces and secondly, that through discontent and alienation from the service."

Sir, this is the policy. Not only that, the Princes might flatter themselves for the trust which they enjoy under British rule, but here is a quotation which proves the real truth:

"It is claimed by enthusiastic Rajamanics that we should provide an outlet for the military aspirations of the Princes, and in addition to rank and honours should give them commands in peace and war, in fact should train them to succeed us in India, when we give the country Home-rule.

The Native State, as at present constituted and ruled, relieve us of the administration of one-third of British India and strengthen the Empire.

To add to their troops, and to encourage their martial ardour, would make them an anxiety and possibly a danger. Notwithstanding the perplexing march of time and events, we cannot disregard historical precedents, or the question of colour."

And, Sir, when we ask them, they tell us that they are our trustees, they are the trustees of the voiceless millions, they know our interests better, that they will dictate the policy which is beneficial to us, but we all know that this trusteeship is mere humbug and camouflage. God never awoke one fine morning and appointed the Britishers as our trustees, but I shall presently tell the House what even some of the Britishers themselves tell us about this. This is a quotation from General Maurice:

"We are less than honest in our talk about our trusteeship for the 'voiceless millions' of India. India, certainly no longer 'voiceless' and far from its being a question of 'trusteeship', our hold on India is chiefly in our interest and frankly imperialistic.

We conquered India as an outlet for the goods of Britain. I am not such a hypocrite as to say we hold India for the Indians, we hold it as the finest outlet for British goods in general and for Lancashire goods in particular."

Sir, I will not detain the House very long, but I will make one fact clear, and that is, that the only solution which appears possible to get over the morass of financial difficulties is to cut short the army expenditure quickly and immediately. If the British Tommy is replaced by the Indian soldier, who, as the Army Secretary has admitted, is his equal, if not superior, in valour and everything else, there will be no difficulty. For the British portion of the army there is short service recruitment and they stay here for six years and then go back to England. In that way the British people get a good supply of trained and capable soldiers at the cost of India. But the Indian soldier is not recruited on the short service system because then you will have so many people thrown in the Indian population who have had a military training. You cannot deny that, otherwise what difficulty is there in adopting the short service system for Indians? I will go further and say that not only is the Indian soldier—though ill-clad, ill-fed and ill-trained—more competent than the British soldier, but that the British soldier has many a time proved himself inefficient, because he comes from a different country and lives in a different climate—I do not blame him for that,—and although he gets more pay, three and a half or four times, and so many different allowances which are denied to his Indian confrere, yet in actual warfare, on many occasions, in Mohamand warfare and in frontier defence, he has proved himself unequal to his Indian companion. Because he is confronted with a different

[Dr. N. B. Khare.]

country and with mountainous surroundings. It is only 10 or 15 years ago, that in Sandhurst, they have started a course of frontier warfare. Again, in spite of all the meticulous care which the Medical Department takes about the British soldier,—he is nurtured here in an incubator or a hot-house and a lot of money is spent on that purpose. Yet in spite of all that, he is not found equal to the task, as can be proved from the writings of Britishers themselves. So, what is the good of forcing this unwanted article upon us when we can have our own article in a better and cheaper way? If this is done, about 20 or 30 crores of rupees would be saved straight-away, and that money could be spent on beneficent activities. Will the Government do it? I am afraid they will not, because it is not in their interest.

Sir, this catalogue of grievances is a very long one, it is so long, or rather it is as long as the proverbial tail of the Hanuman of Ramayana fame. The tail of the Indian Hanuman, in the shape of these grievances, is so long, and so powerful a prehensile organ that he should have burnt Lanka, ere long, but he cannot do that, because his own kith and kin are ranged on the enemies' side. We have been many times asked as to why we came here, what is our attitude, whether we have abandoned the civil disobedience campaign, and all sorts of questions are asked of us. I am not ashamed to admit that for immediate effects the civil disobedience campaign has failed. I am not ashamed to admit that, and that is why we are here. But that does not mean that our mentality has changed, or that we have lost sight of our ideal. What shame is there in being defeated or in losing one's battle? There is no shame in losing a battle; there is shame in not fighting at all. Even Shakespeare says: "Not failure, but low aim is crime". So, we need not be twitted like that. After that, we are told: "What is this? You have come here. Accept this". But why should we accept? What is this Finance Bill? It is placed before us ready made and we have to say, Yes! Though we have lost our battle for the time being, yet it does not mean that we should be slaves mentally; it does not mean that. If a man becomes a slave mentally, then he is gone for ever. This reminds me of a story in the Mahabharata, which happened at this very place, several thousands of years ago. When the Pandavas were deceived by the Kauravas with loaded dice,—as we were by ordinances and flats,—and they were made powerless, Draupadi was brought into the durbar of the Kauravas and she was told: "Now, what will you do? Your Pandavas are powerless, there is nobody to take up your cause. You are helpless. Now, what will you do? Consent to become the queen of Duryodhan". Was there anybody in that durbar to advise her to accept that shameless proposal? There was nobody. There were some people.

Mr. President (The Honourable Sir Abdur Rahim): The Chair may remind the Honourable Member that there are other Members who also sit on the back benches, who want to address the House on the Finance Bill.

Dr. N. B. Khare: I shall finish, Sir.

Mr. M. S. Aney: Don't leave Draupadi unprotected like that!

Dr. N. B. Khare: That would be very ungallant. So, what happened was this. Draupadi did not sit on the lap of Duryodhan. The reply that she gave was: "God is my protector". And God helped her, and Bhima's mace sat on the lap of Duryodhan. At that time, too, in the durbar of the Kauravas, there were Bhishma and Drona and others. Draupadi appealed to them for protection, but they said:

"Arthasya purusho daseh."

"Man is the slave of money."

"Your cause is just, but what can we do? We are powerless." When such great men said like that, what to say of the defenders of our rights who sit in the opposite Benches—I call them defenders of our rights although they are not so in reality.

We really feel for the Government of India in this matter. We feel for their subordinate position. We want the Government Members to be real *sirkars* and not merely *sirkars* in name. That is our grievance and when we are trying to pull them out of their unhappy position, they should not hinder but help us. I will explain why all this happens. All this happens, because it is the British Parliament which governs us and not this Government. I deny the right of the British Parliament to govern us. I do not concede that right. They may tell us there is a legal right. I say "No". We never consented. There is no right of consent, and there is no right of conquest. I have got no time. My Party Whips are after me. So, I must close, but, if I had the time, I would have proved from historical happenings that the British never really conquered us. The British Parliament governs us not by right of consent or conquest. They are simply governing us by right of usurpation and long usage. Usage, howsoever long it may be, if it is a wrong usage, an immoral usage, an unjust usage, it cannot be justified by mere length of time. I would say that it does not matter if it is a despotic power. If there is one despot, he will be tired of it, but this system is neither despotism nor democracy. God knows what this system is, under which a few millions of aliens are governing many more millions of people, not in the interest of the people, but in their own interest. This system is certainly grotesque, absurd, unjust, immoral, and we protest against this system, and if the Finance Bill is brought for the support of this form of administration, I will say that I will have nothing to do with it. That is all I have to say.

Mr. M. Ghiasuddin (Punjab: Landholders): Sir, in this debate, I will confine myself to one and one issue only, which is really very dear to my heart, and that is the Indianisation of the army. Sir, the other day, I heard the Honourable the Secretary for the Army Department speaking. It shook me out of my slumber, because, before his speech, I was under the impression that the Indianisation of the army was an accepted principle, but the things did not turn up as I had imagined them to be. Sir, the Army Secretary himself said that his speech was frank. I congratulate him on his frankness, but I must say that we had not heard such frankness from the Treasury Benches for a very long time. As a matter of fact, such frankness had not been heard since Lord Birkenhead laid down the reins of his office. Of course, we hear such frankness nowadays from people like Mr. Churchill and Lord Lloyd, but these gentlemen are out of office. So their frankness can be ignored, but when it comes from a gentleman

[Mr. M. Ghiasuddin.]

who is the mouth-piece of the Government of India, I think notice should be taken of it. There is one passage in his speech to which I take very strong exception. My Honourable friend, Mr. Tottenham, said that the Government of India were not sure whether Indians would make good officers or not, as he said they have not yet proved themselves to be good officers. There was doubt in his mind whether Indians are fit to be Generals. He made his point clear by saying that there are no motor cars manufactured in India and he did not know whether Indians are able to manufacture motor cars. Similarly, he said that no Indian has ever held the position of, I think, a General, and that was open to question whether they will ever be able to adjust themselves to that position. Now, Sir, this is a gross insult to a nation.

I am very sorry, I do not see the Honourable the Leader of the House or the Honourable the Commerce Member in their seats, because, although they are Members of the Government of India, they are Indians, and I would have liked to ask them whether they also share this opinion of the Government of India about their race. Sir, there are other countries bordering India. Persia and Afghanistan have their Generals. Even in the small State of Nepal, they have got their Generals, and, may I ask, why this stigma of inferiority is placed on India alone, by a public servant of India? I congratulate the Government and I congratulate my Congress friends that they have started understanding each other very well. We, the middlemen, are being squeezed out, because there is real agreement between the Government and the Congress. The Congress say that Government have sapped our manhood. I heard one of the Congress speakers say so. Government do not admit that they have sapped our manhood, but they agree that our manhood has been sapped. So, to a certain extent, both parties agree with one another. Sir, we are sometimes ironically called the habitual supporters of the Government and we expected the Government to come forward and say "No. There is still manhood in you". But that is not so. I congratulate the two sides on their closer understanding.

Day before yesterday, when I came to this House, I had three complaints against the Indianisation policy of the Government, but, after hearing the Honourable the Army Secretary, I had four complaints. My fourth complaint was his speech. My first complaint is that the speed of Indianisation is too slow. My second complaint is that the method of Indianisation is defective, and my third and most serious complaint is that the status of Indian officers under the new scheme is inferior. Now, I will come to my first point, and that is the speed of Indianisation is too slow. The Honourable the Army Secretary said that one division is marked for Indianisation. Now, Sir, in the Indian army, I think there are at least 18 or 14 divisions. I do not know the number exactly.

Mr. G. R. F. Tottenham (Army Secretary): Six or seven divisions.

Mr. M. Ghiasuddin: Only one division is marked. I think it is a very small number, and we are not satisfied with this. I think, Sir, there should have been more, because in that case we could satisfy the demand of our young men who are in need of employment. Sir, when I plead the cause of these young men in this House, I must point out that I am not pleading the cause of any criminal, I am not pleading the cause of

people who have done anything wrong. The point should be taken note of that I am pleading the cause of those people whose families have served the Government for a good long time, who have got many of their relatives lying today under the foreign soil of France and Flanders. (Hear, hear.) I am pleading the cause of those young men who are honourable in every way, clean in body and clean in mind, and who have one ambition and one ambition only, that is to serve their country and their Emperor in an honourable manner. (Applause.) Sir, I am pleading the cause of such men, and I am sorry that the Government are not lending a sympathetic ear to these demands. My second complaint is that the method of Indianisation is most defective. When I say this, I am referring to those reserved units set apart for the Indian officers, instead of sending them to an amalgamated army. Sir, I do not know why there is this separation and segregation. On the one hand, the Government ask us to co-operate with them, and, on the other hand, we are denied co-operation.

Sir, I admit that, after all, we Indians are beginners—I do not say that we have not got good material, nothing of the sort, but I must admit that so far as modern methods of warfare are concerned, we are novices. We have forgotten the art of war, because we were not trained in it for a long period; but, for that very reason, they should not separate and segregate our young officers. On the contrary, it would be very beneficial for our young men to work side by side with their British brother officers, who are more experienced, and I cannot understand why this separation of units has taken place. And I can say it, Sir, that the young Indian officers are quite dissatisfied with this arrangement. They do want to work with their British colleagues—to join the same mess, to play games with them: and yet they are denied all these things, and I really can say that most of our young men are quite hurt by this process.

Mr. G. R. F. Tottenham: Does the Honourable Member wish to continue British officers for the Indian army?

Mr. M. Ghiasuddin: For the time being, yes.

Mr. G. R. F. Tottenham: That is not what his Party recommended.

Mr. M. Ghiasuddin: I do not know; but, surely, for the time being, we want that British officers should remain; and, if I am not mistaken, the Honourable the Army Secretary himself quoted day before yesterday the Leader of our Party and he said that our Leader wanted their retention; so I really do not know why this point has been raised by the Army Secretary. Sir, we do want that more Indians should be taken and our modest demand is—and I am not speaking on behalf of my Party here—I think at least fifty per cent. of the officers of the Indian army should be Indians. That, for the present, is our least and most modest demand. This demand has been conceded in other departments of the civil services, and, in all these departments, we are getting fifty per cent.

Captain Sardar Sher Muhammad Khan (Nominated Non-Official): We are getting fifty per cent.

Mr. M. Ghiasuddin: We are not, and you say "we are getting fifty per cent"?

Captain Sardar Sher Muhammad Khan: Yes.

Mr. M. Ghiasuddin: You mean to say that fifty per cent of the officers will be sent to one-eighth of the army and the remaining fifty per cent. will be sent to seven-eighths of the army? If this is your mathematics, I fail to understand it—I am not very good at mathematics myself, but this even beats me.

Captain Sardar Sher Muhammad Khan: You are mixing those two things.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better go on.

Mr. M. Ghiasuddin: There is a strong suspicion in certain quarters that this process of segregation is just for the reason that no Indian should ever be able to command a unit where there are British officers. I do not know if this is the tendency, but if it is true, I think it is very regrettable. On the civil side, there are a good many Indian officers who have the privilege of having European subordinates under them and the relations in those services are very friendly; and, if that experiment has been a success in the civil service, I do not know why it should not be extended to the Army. Now, Sir, coming to my third complaint, it is that the status of the new Indian officers who are to be recruited under the new scheme is an inferior one. Sir, I was glad that the Honourable the Army Secretary read out an amendment to the King's Regulations and he said that they will be able to command the Indian units, but, Sir, the very fact that they are to be sent to these segregated units bound to put the stigma of inferiority on them and I can quote from history of the army before the Mutiny, as my Honourable friend, the Army Secretary, must be well aware, there was the Queen's army and there was the Company's army and the feeling of superiority on the part of the officers of the Queen's army did exist as regard to the other class of officers, and, mind you, both were Englishmen; no officer who belonged to the Queen's army would willingly serve under an officer of the Company's army. This feeling of snobbery was present there, and yet they say that there won't be any such feeling if certain units are absolutely segregated. There has been a feeling of disappointment. These new cadets will not be able to command British troops. I think this will diminish their prestige to a very great extent, because in every-day life they have to deal with British troops. For instance, in the Supply and Transport Corps there are British non-commissioned officers and an officer of the Indian Army in his daily routine has to deal with these non-commissioned officers. What respect will they show him, knowing that he is quite an inferior sort of officer and has not the power to command them? Surely, then, the life of these young officers will become unbearable, and it is in fact unbearable today, and they keenly feel this sense of inferiority. Of course the sense of discipline in the Army is so strong that they cannot make any complaints against it, but they feel it all the same. Sir, the Government can bring forward one excuse and that is in the last Legislative Assembly this very Honourable House passed a measure which created these officers and these distinctions.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): We protested very strongly, then.

Mr. M. Ghiasuddin: Now, Sir, my submission is that no House of Legislature can bind its succeeding Legislatures. If the last Assembly passed this measure, we at any rate, are dissatisfied with it, and want to do away with it.

Sir, all I can say is that at all events those elected Members in the last Assembly who voted in favour of that measure did not earn the gratitude of their country (Loud Applause).—and you see, there are very few of them here today. (Hear, hear.) But, while on that subject, I cannot help saying a few words for those Members who resisted that law, and, while on that point, I cannot pass over the gallant stand taken by that fine gentleman, the ex-Leader of the Independent Party, who raised his voice loudest against this discrimination. I am referring to Sir Abdur Rahim, who, as the Leader of the Independent Party, in the last Assembly, really voiced the opinions of the country. I know that Sir Abdur Rahim and his followers were defeated, but let me assure them that their defeat was without disgrace. I want to tell the military authorities that we are thoroughly dissatisfied with the present state of things. Day before yesterday, there was a vote on the Army Department demand. I think that vote should have opened their eyes.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Their eyes are never open.

Mr. M. Ghiasuddin: Taking the representatives of my province, the Punjab, which is sometimes ironically called the Ulster of India, out of eleven elected Members, ten of whom were present in the House nine voted against that demand. They censured the Government, one remained neutral. I think this vote of the Punjab Members should open the eyes of the military authorities. We are dissatisfied, and, if I am right, I think only one Indian elected Member voted with the Government on that demand. I want to tell the Government of India that we are dissatisfied with this present arrangement, and I want to tell His Excellency the Commander-in-Chief that we are dissatisfied, and, if my voice reaches England, I want to tell His Majesty's Government that we are thoroughly dissatisfied, and the same applies to both the House of Parliament. With these words, I conclude my speech.

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

The Assembly re-assembled after Lunch at Twenty-Five Minutes Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

Mr. Mathuradas Vissanji (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, during the course of this debate, I understood the Finance Member remarking that there were no constructive suggestions coming up from this side of the House. Honourable Members on this side may as well ask, have Government adopted any constructive line

[Mr. Mathuradas Vissanji.]

of policy on whatever suggestions have been made hitherto? My Honourable friend, Pandit Govind Ballabh Pant, has practically dealt with all the points mentioned by the Honourable the Finance Member, and I do not want to tread over the ground which has been trodden over so far. But I will simply make some constructive suggestions, to see whether there is any response coming from the Government Benches at all.

I will first take the incidence of the Income-tax. First of all, the losses in business in one year are not allowed to be carried forward to the next.

The Honourable Sir James Grigg (Finance Member): The Honourable Member is under a misapprehension. I was talking about constructive suggestions for curing poverty, and not for making the rich richer.

Mr. Mathuradas Vissanji: I will give other suggestions too if they would only be carried out. As regards the actual Finance Bill, I will give them presently. If the business losses are allowed to be carried forward, or the tax charged on a three-years average, it will not make any material difference to the present Finance Bill, but it will certainly be a boon to the commercial community.

The Honourable Sir James Grigg: That is one crore a year.

Mr. Mathuradas Vissanji: If I remember rightly, his predecessor sympathised with this demand, and practically promised, on the floor of this House, that he would look to it and remove this disability.

There is another point also worth mentioning. The incomes derived from pensions, earnings from interest on the sterling debt and similar other incomes earned in India but paid out of India are not being taxed at the source of income. If these are taxed, on an average of ten per cent, it will probably give not less than three crores a year. The attention of his predecessor was actually drawn to this subject, and he also at the time promised to consider it sympathetically. Is the Honourable the Finance Member prepared to do it and bring about the necessary amendments?

Another point is this. A good many Honourable Members have spoken about the iniquity of the restoration of salary cuts. I may here mention that the salaries and allowances were enhanced by the Lee Commission at a time when high prices were ruling. Those high prices have disappeared long since. I remember the Honourable Member mentioning that the increase of salaries was naturally due to the high price level in the country, and these ought to fall or be reduced when the prices have fallen. Perhaps part of the depression which has since resulted is due to the linking of the rupee to sterling, at an unduly high rate. The prices in the country have, at any rate, gone down. If that is so, I do not see how the restoration of the cut could have been justified at all.

The people were crying for the redress of their grievances, and I think it is due to them that their needs should have been met first and taxes reduced before any such restoration was effected. At least that would have saved a very good amount.

Now, coming to salt; let me draw the attention of the House to this that probably every Member of the House has formed his own opinion

from the representation on the subject by the different mercantile bodies, as well as the private agencies concerned, and they know what is the feeling prevalent about it. When the Finance Member said that he is going to leave this point to the free vote of the House, either to abolish the salt import duty or to continue it for one year at least, I think he is absolutely unjustified in view of the promise that was given at the time of levying that protective duty. That duty was put on for a period of five years, and we are still in the middle of it, and really speaking there is no necessity to remove it so soon. Furthermore, it has got to be borne in mind that recently the prices of salt have gone down tremendously and the ill-effects of the duty have been mitigated to a certain extent. If the duty, as proposed by the Honourable Member, is removed, the competition will be too much, not only from Aden, but also from other Red Sea ports and continental countries. So long as Aden is not separated from India, it requires consideration on our part. A great deal of Indian capital has been invested in the Aden salt works, and I do not see why we should not protect the interests of Indians in Aden who have invested a large amount of capital in this industry there. If there is any demand in any one part of the country that they are suffering owing to this duty, it could easily be met by advising them to develop their own industry in that part of the country, and Government should help them in developing the local industry to the required standard. If such a policy is adopted with the assistance of Government the corresponding industry in that part of the country will grow and prosper and meet the demand there. Naturally there will be no necessity, after a few years of that sort of protection and the help of the Government, to keep any sort of import duty.

Regarding the removal of the duty on hides and skins, I think it is absolutely unjust on the part of the Government to remove it at the present stage. The industry at present is just developing; and while it is in its infancy, I do not know what reason Government have to stifle it at this stage. I want our country to be self-sufficient in the matter as in others; and unless the Government of the country adopt proper policy, I do not think we can at any time be successful, and work up the necessary industries in our country. I would request Government not to abolish the export duty on hides at this stage.

Furthermore, as regards the expenditure side of the budget, my Honourable friends have made various suggestions, in various directions: but I will take up the suggestion of financial adjustments on the separation of Burma. I have already put in some questions about that subject, and I will not tread upon that ground at present. I will wait till the opportunity comes on a future occasion. But at this stage I may say that there is considerable room for saving in that direction.

My Honourable friend, Sir Ghulam Hussain Hidayatullah, came out with the suggestion that the reduction of the import duty on wheat ought not to have been brought in, but the old rate ought to have been maintained. I am one with him as far as that is concerned: if the duty is maintained at the existing rate, it will at least save to some extent the agriculturist of his province, namely, Sind

Sir Ghulam Hussain Hidayatullah: And the Punjab too.

Mr. Mathuradas Vissanji: At least Sind, I said: I include the Punjab also. Regarding flour also, a reduction has been proposed, and I might have to bring out that subject when the consideration of the amendment on that is brought up for discussion on a future date.

These are some few suggestions that I have to make with absolutely one mind and that is this: the Honourable the Secretary in the Army Department said that we have got to apply certain tests to every suggestion that is made, and see whether it stands the test. Accordingly, I have made these suggestions, and I will see what the Government Benches and my European friends have to say, and whether the British and the Indian Governments have got in their heart the welfare of the masses and the welfare of the country at large. I have made these suggestions to see and test the *bond fides* of the statements they make on the floor of this House and also outside at times. With these few words, I resume my seat.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, the principle underlying the Finance Bill is the supply of money for the administration of the country. When we are asked to give the supplies, I think we are entitled to ask for the redress of our grievances.

Mr. S. Satyamurti: Not from that place.

Babu Baijnath Bajoria: As I represent a commercial constituency, it is in the fitness of things that I should ventilate the grievances which concern vitally the commercial interests, and, therefore, they are not based on race or creed or colour. Sir, the Finance Member in his budget speech said that he himself was not satisfied with the budget presented by him. Therefore, he cannot expect others to be satisfied with it. True, the budget has not only been balanced, but shows a big surplus during the current year and also anticipates a surplus for the next year. But let us examine how this surplus has been secured. Sir, as far back as in September, 1931, when the financial position of India was in a very bad plight and the credit of the country was at stake, some emergency measures were adopted for tiding over the difficult situation created by circumstances not our own but due to world-wide trade depression.

In that year, the Government took steps to curtail their expenditure on the one side by means of retrenchment and on the other hand they took steps to levy emergency taxation like the surcharges. In the field of retrenchment of expenditure they enforced the cut in salary of all Government servants by ten per cent. of their pay and in the field of taxation they levied surcharges, and, by one stroke of the pen, increased the income-tax, super-tax, import duties, excise duties, etc., by 25 per cent. at a time when all sections of the people of this country, whether the agriculturists, merchants, professional men, landholders and others, were already groaning under a heavy burden of taxation at a time of unprecedented economic depression, and this sudden increase of various forms of taxation came as the last straw on the back of an already overladen camel. These measures were taken in order to meet budget deficits, and it was definitely declared that these emergency measures had been adopted temporarily to tide over exceptional difficulties and the Finance (Supplementary) Act of 1931-32 was passed for a period of about 18 months on this definite declaration. It was then confidently expected, by all sections of the people, that these additional taxations will lapse at the end of March, 1933. But it was not so to be. This reminds me of the writing of a

leading journalist that whenever Government want to impose additional taxation, it is always said that it is only a temporary measure, but a taxation once imposed never goes, and becomes a permanent thing. It has happened so in this case also. During the last two years, the financial position of the Government has much improved, but what have the Government done to reduce the burden of taxation? Government took the earliest possible opportunity of restoring the cut in salary of Government servants on the ground of alleged pledges as if the ten per cent. or even five per cent reduction in their fat salaries was unbearable to them. But it is a solid truth that the income of all classes of people, namely, agriculturists, traders, money-lenders, landholders, persons in private employment, etc., has all gone down by 25 per cent. or even more during recent years. The cost of living in recent years has also gone down considerably. Therefore, in my opinion, this restoration of cut in salary was not in the least justified. Sir, this restoration of five per cent. cut has cost the Central general revenues 92 lakhs and the Railway revenues 70 lakhs annually. The provinces, many unwillingly, had to follow suit which has cost them about 150 lakhs. Thus, if this five per cent. cut were not restored, there would have been available about 162 lakhs to the Central Government and 150 lakhs to the different provinces for utilisation in various projects of public utility. Sir, when the Government restored half of the cut in salary to their servants in 1934-35 budget, the people in general and the commercial interests of the country in particular confidently expected that theirs would be the next turn to get relief, by way of abolition or substantial reduction of the surcharges on income-tax. This surcharge is having a very great distressing effect on business, and capital is becoming very shy. It is the business of every Government in every country to see that the commerce and industry in the country may develop for which the main sinews is capital. In a country like India, where ordinarily capital is shy, we should take all steps to encourage capital to flow into the field of industry and commerce so that the country's raw resources may be better utilised to the advancement of this country. I for one can never agree to the action of the Government in the full restoration of the cut in salary before giving substantial relief to the trade and industry of the country by a substantial reduction in all the surcharges levied in September, 1931, and especially on income-tax. I may inform the Government, that the full restoration of the cut in salaries of Government servants, drawing fat salaries, have evoked a serious discontent amongst all sections of the people throughout the length and breadth of this country and I am perfectly certain that most of the elected Members of this House, both Europeans and Indians alike, irrespective of the differences of opinion amongst them in the field of politics, strongly disapprove of this restoration of cut in salaries.

Sir, the next point I wish to deal is the way in which the surplus of 389 lakhs has been distributed. I for one do not agree to the expenditure of 93 lakhs on Civil Aviation and about 20 lakhs on broadcasting and 25 lakhs for roads in North-West Frontier Province. As regards the Civil Aviation let us examine as to the classes of persons who would avail themselves of this development. It will be only utilised by a few commercial magnates or by the richer classes. The vast expenditure proposed to be expended on the development of Civil Aviation, at this juncture when the masses are groaning under the burdens of multifarious indirect taxations, is wholly unjustified and cannot be supported by any section of the Indian people. Sir, to my mind, this Civil Aviation is nothing but a branch of the Royal Air Force and is being developed and maintained for the sole purpose of helping the Army in India.

The Honourable Sir Frank Noyce (Member for Industries and Labour): I must protest against that statement as being wholly inaccurate. This expenditure has nothing whatever to do with the Army in India. It is entirely civil expenditure.

Babu Baijnath Bajoria: However, the fact remains.

That being the case, I have no objection, if such a development of this branch of aviation is also carried out from the Army estimates of this country, which is already beyond proportion to the total revenues of the country. Sir, the expenditure of 25 lakhs provided for road construction in the North-West Frontier Province is also for military exigencies and so this should have also been included in the army budget. These sums of 98 lakhs and 25 lakhs should have been utilised for the development of cottage industries and for relieving unemployment in the whole country and especially in Bengal.

I next come to the question of the grant of Rs. 20 lakhs for broadcasting. We are told that it has a great educative value. But, in practice, we find that this broadcasting is being utilised only by the rich and is nothing but a luxury. I admit that broadcasting has a potentiality of being utilised for mass education but that may only be achieved if Government is prepared to instal free radio machines in every village primary schools, where the village folks may get the news of the world free of cost. I think the present programme of broadcasting, as we find, consists mostly of songs and theatrical performances, which are only meant to cater to the perverse mentalities of the people living in luxury and comfort. Broadcasting is not being utilized for the purposes of education of the masses while large sums are being spent on this project.

An Honourable Member: Don't you keep a radio in your house?

Babu Baijnath Bajoria: I have not got any.

Then, Sir, I come to the question of the excise duties on matches and sugar. Sir, I am fully aware of the extent of protection given to these industries. I am grateful to the Government for taking the bold action of levying substantial protective duties on sugar even though it created a big hole in their revenues but the Government will be amply rewarded for this generous policy, as under the shelter of this protection, numerous sugar mills have been erected in the different Provinces and the cultivation of sugar-cane has also increased considerably. I eagerly look forward for the day when India will be self-supporting as regards sugar, and shall not have to look to other countries for this necessity of life. But, Sir, both the matches and sugar industries have not yet developed fully and it is premature to levy excise duties on them for raising Government revenues. I think the excise duties should have been deferred for a few years, and, during that period, the restoration of cut in salary, should have been enforced by way of retrenchment. Sir, the sugar excise duty during the ten months ending January, 1935, has yielded a revenue of about 3 crores and 37 lakhs and it is only just and fair for me to demand that a large sum of money must be spent for intensive and comprehensive sugar-cane research for the improvement of the quality of sugar-cane so that the percentage of yield of sugar may be much higher than it is at present and also for the prevention of diseases in cane as is being urged by the Indian Sugar Mills Association. The development of this industry depends on

the quality of sugar-cane available to the Indian mills, and, it is, therefore, necessary that nurseries should be established and better quality seed distributed to the cultivators. These measures are required not only for the advantage of the millowners but also for the raising of the price level of sugar-cane for the advantage and welfare of the cultivators as well.

Then I come to the question on which a great deal of revenue is being wasted. Sir, I mean the London Stores Department under the charge of the High Commissioner. The expenditure incurred, to my mind, is a large waste and we can never subscribe to it. From the available records we find that in 1932-33 the total value of stores purchased was about nine lakhs and 55 thousand pounds, out of which stores worth about four lakhs pounds were purchased through Departments of His Majesty's Government like the War Office and the Admiralty in respect of which the London Stores Department only acted as a post office. But the cost of the London Stores Department in that year was £170,000 i.e., about Rs. 23 lakhs. It, therefore, shows that it is costing us 23 lakhs of rupees for the purchase of stores worth about four lakhs and 98 thousand pounds, or, in other words, about Rs. 60 lakhs. It means that during the year 1932-33, the expenditure of the Department was about 35 per cent. on the total value of stores actually purchased by it. Let us also examine the figures for 1933-34. In that year the total value of stores purchased by the Department, excluding those purchased through the Departments of His Majesty's Government, was four lakhs and 18 thousand pounds and the cost of the Department was £161,400 or about 22 lakhs of rupees. Sir, I would like to read out the classification of charges incurred in the London Stores Department to show how preposterous these charges are.

I will read to you only a few of the items:

Share of India House Staff expenses, interest on capital, etc.,
£16,500;

Consulting Engineers, Naval Architects and other experts outside
the Department, £29,100;

Labour (other than clerical and technical staff) and miscellaneous
items, £19,800;

Directing and clerical staff, £36,700;

Directing, technical and clerical staff, £58,100.

I fail to understand the cost of £29,000 in consulting Engineers and Architects when there are already 21 higher technical officers in the Department.

Though there is a slight decrease in the proportionate cost, yet the cost, as it stands, is beyond comprehension of any business firm worth the name. I, as a businessman, have never heard of expenses of about 35 per cent. on the total value of stores. On the other hand, let us compare the working of the Indian Stores Department during the years 1932-33 and 1933-34. The following figures will speak for themselves:

	1932-1933.	1933-34.
Value of goods purchased	330 lakhs	160 lakhs.
Direct and indirect expenditure of the Department	21½ lakhs	22½ lakhs.
Earnings of the Department	10 lakhs	12 lakhs.
Net cost of the Department	11½ lakhs	10½ lakhs.

[Babu Baijnath Bajoria.]

Sir, in replying to the debate on the Public Accounts Committee report on the 30th August, 1934, the Honourable Sir Frank Noyce said that the question of amalgamating the London Stores Department with the Indian Stores Department was under consideration and amalgamation was bound to come in course of time but nothing has yet been done. I would, therefore, suggest that the London Stores Department be forthwith abolished and the purchases, other than through Departments of His Majesty's Government, be controlled by the Chief Controller of Stores, Indian Stores Department, in India, either by arranging with some reputed British firms who, I think, would only be too willing to act as purchase agents on a maximum commission basis of five per cent. or by the establishment of a small Stores Department Branch in London.

Mr. B. Das: Five per cent is too high.

Babu Baijnath Bajoria: But we are paying 35 per cent. now. Sir, I welcome the introduction of rupee tender system as this expresses definite preference for goods produced or manufactured in India and also enables stockists and merchants in India to get a much larger share of the orders placed by the Department. I would ask the Government to make it a point that when it is necessary to purchase goods of foreign manufacture, they should place the orders, as far as possible, through importers and stockists in India rather than pass over the order to the London Stores Department, as the former method, while assisting Indian traders, will also be economical to the Government.

I have got another serious grievance against the London Stores Department. Sir, out of a large establishment of technical officers 3 P. M. to the tune of about 21 members, there are only two Indian officers employed there. One as assistant Inspector and the other as assistant chemist. Certainly the High Commissioner can find best qualified Indians in London, trained in all branches of engineering and I would request the Government to insist on the appointment of more Indians in the London Stores Department. Sir, I have carefully gone through the reports of the Indian Stores Department for the years 1932-33 and 1933-34 and am very pleased to state that under the able guidance of Sir James Pitkeathly, this Department is doing very useful work in helping Indian trade and industries. Sir, I would prefer that all the stores required to be purchased for the different departments of the Government and railways should be purchased through a central stores department instead of each department and each railway having a separate purchasing department which is a costly affair. It is always more economical to buy big quantities at a central organisation and to distribute and supply the requirements of the various departments than to buy piecemeal separately through different departments.

The next point I wish to refer is the question of the restoration of jute duty to the Province of Bengal. Sir, I congratulate the Government of India for the small mercy they have shown to my province of Bengal by restoration of half the jute duty, and, in this connection, I think His Excellency the Governor of Bengal deserves the congratulation from every representative from Bengal, irrespective of caste, creed and colour, as it is well-known that but for his persevering efforts in this direction, we would not have been able to secure this small mercy. Sir, I call this

a small mercy, because no Bengali worth his salt can be ever satisfied unless and until we are given back the whole of this duty on which the Central Government has no claim. This product of jute is a gift of nature to Bengal, and, as such, Bengal has got every claim over the whole of this duty either from the standpoint of equity or from the point of view of justice.

Sir, when this question of restoration of jute duty to Bengal comes before this House, I find that several representatives of other provinces think that this is doing a special favour to Bengal. But, Sir, we claim this duty and the whole of it, not as a favour, not as a mercy but as a matter of right?

Mr. S. Satyamurti: What about "India"?

Babu Baijnath Bajoria: We all know that it is illogical to put an export duty on agricultural produce, and an export duty cannot be compared and does not stand on the same footing as import and excise duties, both for revenue and protective purposes. Sir, it has been possible to levy this export duty on jute only because it is the monopoly product of Bengal and is not grown in other countries. The burden of this duty falls to a great extent on the producers and it is the inherent right of the producing provinces to get the export duty on their agricultural produces. Sir, Bengal is the greatest earning province for the Central Government (*An Honourable Member:* "Question") as it pays the greatest amount of income and super-tax, customs duties, salt tax and the consumers in Bengal have also to suffer greatly for protection given to industries in other provinces of India, e.g., iron and steel, sugar, cotton, etc. Indeed, Sir, it is an irony of fate that Bengal, while feeding generously the Central Government and the other provinces, herself remains a beggar. This is an intolerable state of affairs. (Hear, hear.)

I hope and trust that every Member from Bengal, irrespective of caste, creed or colour will voice their protest in not being given the full benefit of the jute duty, as otherwise Bengal's progress, both material and moral, is being jeopardised for want of sufficient finance.

Sir, I would now like to draw the attention of the Honourable the Finance Member and of the House to an anomaly that exists in the rates of jute duty which is adversely affecting the jute industry in Bengal. Sir, the rate of duty on the export of raw jute is Rs. 4-8-0 per bale of 400 lbs. which amounts to about Rs. 25 per ton, whereas the rate of duty on manufactured jute, *vis.*, Hessians, is Rs. 82 per ton. Again, the rate of duty on jute cuttings is Rs. 1-4-0 per bale or Rs. 7 per ton only, whereas the duty on manufactured jute, *vis.*, sacking, in the manufacture of which a good proportion of jute cuttings is used, is Rs. 20 per ton. Hence, we see that the export duty on raw jute is much less than on manufactured jute which means that the jute mills in Scotland, Germany and other foreign countries are getting a substantial advantage over the jute mills in Bengal. The result of this has been that jute is exported to a great extent while our own mills are only working 40 hours per week instead of 60 hours and 54 hours which they used to do a few years back and 12½ per cent. of the Hessian looms are lying sealed. This has thrown hundreds of thousands of labourers out of work, and the wages of those employed had also to be curtailed. This state of things cannot be called satisfactory, though I know, by a system of restriction of output and by organised

[Babu Baijnath Bajoria.]

action, the jute mills are making a profit. Sir, at a time when the Government of Bengal and all concerned in the jute trade are engaging their serious attention to raise the price level of jute, it is out of the question to increase the export duty on raw jute. The only other alternative is to reduce the export duty on manufactured jute, both Hessian and sacking so as to bring it at least on a parity with the export duty on raw jute, so that the local mills may not be at a disadvantage in competing with foreign mills. Sir, in making this suggestion, I may be open to criticism that there will be a loss in revenue, but in my opinion the increased production by the jute mills and increased shipments of manufactured goods will compensate for the loss in revenue due to lower tariffs and further increased production will enable the local jute mills to provide employment to further hundreds of thousands of labourers, and will also be of immense benefit to the cultivators. I commend this suggestion for the serious consideration of the Government.

The next question I wish to bring before the Government is the question of consumption of Indian cotton by the Indian mills within the borders of India. Sir, here, I have a real grievance against the cotton millowners in India as it is shocking to me that they are using cotton imported from Egypt and other foreign countries to the tune of crores of rupees annually and are thus neglecting to make proper use of Indian cotton. Sir, during the discussion of the trade agreement with Japan and England we demanded the stipulation for the consumption of raw Indian cotton by those countries. It is our duty to find out markets for our raw produce, because India is mainly an agricultural country and industrially less developed. In order to have a balance of trade in our favour we will have to export our raw produce more than the imports of finished products from other countries. But, Sir, cotton industry in India is sufficiently advanced and has been given protection as well. Therefore, certainly we have a claim to know from the industry as to what steps they have taken to use Indian cotton and not foreign cotton. It is an everybody knowledge of every Indian that India is exporting at the present moment foreign cotton to the value of crores of rupees annually, and I think time has come when Government should take steps to find out as to how best the import of raw cotton is reduced and the use of Indian cotton in Indian mills is increased. It is a slur on our national industry like the cotton industry that they cannot produce manufactured cotton articles which we call 100 per cent. Indian, *vis.*, Indian capital, Indian labour, and Indian raw materials. I hope my friends from Bombay will not misconstrue this suggestion of mine. I am one of those who are for the abolition of cotton excise and also for the protection of the industry by a protective duty. But that is no ground that I should not press the question of the use of Indian cotton in Indian mills to the exclusion of foreign cotton.

Sir Gowasji Jehangir: Does the Honourable Member only refer to Bombay mills, when he makes those remarks, or include also the mills in Bengal?

Babu Baijnath Bajoria: Because you own most of the mills.

Sir Gowasji Jehangir: Bombay does not contain most of the mills.

Mr. H. M. Joshi (Nominated: Non-Official): Bombay and Ahmedabad.

Babu Baijnath Bajoria: If, due to the old type of machineries, Indian cotton cannot be used, I will then ask the millowners to replace them with the latest machineries irrespective of the country of origin of such machineries and which will help in the use of cent. per cent. Indian cotton. Sir, I feel it is a matter of shame for an agricultural country like India producing vast quantities of cotton to import foreign cotton for use in our own mills; and I think every Indian worth his salt must be feeling like that.

Last, but not the least, is the question of the transfer of the Agricultural Research Institute from Pusa to Delhi. I must confess that I have not been convinced by the arguments of the Government in favour of such a transfer. The money which is being sunk in the construction of the Institute in Delhi is to my mind a huge avoidable waste. The Institute could have been reconstructed with half the cost in Pusa. Sir, I am dead sure, that this sum of Rs. 40 lakhs at present provided for this scheme is only the first instalment and further equally big instalments will have to be provided before this scheme is completed.

Next point to which I wish to draw the attention of the Government is the spending of money on this construction from the revenue and not from the capital. Sir, this transfer of the Institute to Delhi is connected with the programme of making the Imperial City more popular, and, therefore, the whole of the expenditure should have been met from the head of Demands called Delhi Capital Outlay. As far as I know the Government of India has frittered away about 28 crores on Delhi, the pet and spoilt child of the Central Government with no return whatsoever from this huge expenditure.

The Honourable Sir Frank Moyer: Sir, I should like to ask my Honourable friend where he gets his figure of 28 crores from.

Babu Baijnath Bajoria: Sir, the Leader of the House knows it. (Laughter.)

The Honourable Sir Frank Moyer: Then, may I ask my Honourable friend, the Leader of the House, to authenticate his statement?

An Honourable Member: That is an under-estimate.

Sir Cowasji Jehangir: Are we to take it, Sir, that the Leader of the House did say that 28 crores was the cost?

Mr. President (The Honourable Sir Abdur Rahim): Let the Honourable Member go on.

[At this stage, the Honourable Sir Nripendra Sircar rose, but Babu Baijnath Bajoria happened to be standing.]

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member concluded his speech?

Babu Baijnath Bajoria: One minute more, Sir. In order not to increase the figure of capital outlay on Delhi, Government have adopted this ingenious method of finding money from the revenues for spending on Delhi. This is one of the Government of India's

[Babu Baijnath Bajoria.]

budgetary tricks for evading criticism on the Delhi Capital Outlay Programme which has been condemned by all, Europeans and Indians alike,—a huge waste of capital with no return, but on the contrary, consuming a huge sum on the Central Public Works Department for the repairs and maintenance of the New Capital. Sir, I hope and trust that the Government will give due and sympathetic consideration to the points raised by me.

Mr. W. J. O. Richards (Burma: European): Sir, in view of the probability of the political separation of Burma from India, I will confine my remarks to a narrow range, to matters of pressing concern to Burma which are controlled by the Central Government. Burma is in dire distress and I will not take up time by attempting to draw the picture as it is very similar to that painted of Assam yesterday by my Honourable friend, Mr. Hockenfull. His description of the present condition of Assam reminded me of Burma a few years ago in times which adversity has since made us regard as years of comparative prosperity. The financial condition of Burma for some years has been getting progressively worse in spite of severe retrenchment and the rigid applications of economy in all spheres. The Burma Government has budgeted for the coming year for a deficit of Rs. 98 lakhs which, if correct, will make Burma's debt to the Government of India at the end of March, 1936, Rs. 863 lakhs.

Speakers from other constituencies have asked for direct and immediate relief from Central revenues but I do not follow their lead, as I think, they and I have very little chance of getting it, and I consider it would be imprudent for Government to consider the claim of any one province without simultaneous consideration of the claims of all provinces. (Applause.) I believe the Honourable the Finance Member's plan of improving the condition of individual industries, thus bringing about an improvement in the economic situation, is a sound course and I place in this category the removal of the duty on machinery which presses very heavily on provinces like Assam and Burma which are at present in a destitute condition but have valuable undeveloped resources. The supply of machinery at the cheapest possible cost has long been regarded in India as an essential condition of industrial progress and in that long period of just over twenty years which ended in 1916 industrial machinery was admitted free of duty. That period witnessed the development of some of India's great key industries.

Much of the machinery which is used in some industries becomes worn out in a short time and its cost forms a substantial portion of the cost of production. Therefore, if the duty on machinery is abolished, there should be a considerable set off in higher receipts from income-tax and super-tax. I mention this point, not because I have much faith in the argument myself, but because it has been so frequently used in connection with restoring Government servant's salaries to their former level and making them liable for the surcharge on income-tax.

In discussing the emergency budget, Sir George Schuster said that of all the import duties that on machinery was the one he would select as the first for removal. When the promised departmental enquiry on the revision of revenue tariffs is held I hope Government will place the removal of the duty on machinery in the forefront of the agenda for sympathetic consideration.

It is a matter of disappointment that at least half the export duty on rice is not being allocated to Burma. I will not raise the question of the incidence of the export duty except to say that in Burma we do not accept the view that because there are duties on rice shipped from the other big exporting countries the duty on rice exported from India does not fall on the cultivator or other Indian interests. I realise that if the Honourable the Finance Member's view as to what are non-recurrent surpluses is to be accepted, Central Revenues cannot be weakened by the transfer to Burma of half the rice export duty, although I maintain that there is greater justification for it than transferring to other provinces half the export duty on jute. In the budget discussion we have been reminded frequently by the Honourable the Finance Member of many old economic truths and I share his faith in most of them, but I cannot accept his treatment of the export duty on rice by any principle other than that which he applies to jute. It seems to me that he has one set of economics for Bengal and another for Burma. For reasons which I have stated and which I appreciate, I waive Burma's claim to a prompt settlement of the rice export duty and content myself with postponing the claim until the proposals for the financial settlement between Burma and India are made public when Burma will no doubt be able to establish its title to half the export duty on rice exported from Burma in the present financial year and in that on which we are about to embark. (Applause.)

Mr. K. Nageswara Rao (East Godavari and West Godavari cum Kistna: Non-Muhammadian Rural): Sir, I thank you for the opportunity given to me to make a few observations on the vast and intricate financial problems involved in the Financial Bill and discussions. The long established practice of surveying Indian financial matters, on this occasion, without any restraint from Mount Kailas to Kanya Kumari is, I think, intended to extend the vision of the House and that of the Honourable the Finance Member beyond the manipulation of facts and figures to the realities of finance. The manipulation of figures and facts is the business of an accountant and no expert knowledge is needed to do that. The inter-relation of Central and Provincial financial matters enhances the responsibility of the Finance Member in deciding the financial policy of the Central Government. Autonomous Provinces and indirect representation may, in course of time, lighten the responsibility of the Finance Member in these matters. But the welfare of the people in one form or other, as an all-India problem, is bound to be determined by the Central Government.

Mr. President (The Honourable Sir Abdur Rahim): Order, order. No Honourable Member is allowed to read newspapers inside the Chamber.

Mr. K. Nageswara Rao: The Honourable the Finance Member, in introducing the budget proposals, stated, "that the needs of the rural areas should have the first claim on the balance to be distributed by me". Though the grant of 100 lakhs is of little consequence for the economic development and improvement of rural areas, the recognition of the claims of the rural areas by the Central Government is a welcome change in the attitude of the Central Government to draw the attention of the Provincial Governments to the needs of the rural areas. India is a land of rural areas and agriculture is the main occupation of the rural population. The Indian cultivator is the mainstay of the Indian economic structure. Out of 352 millions about 314 millions live in villages. The progress of urbanisation,

[Mr. K. Nageswara Rao.]

during the last forty years, has been a little more than one per cent. owing to the commercial policy followed by the Government. In spite of the Industrial progress during the last forty years, the population dependent on agriculture has steadily increased from 59 per cent. in 1891 to 73 per cent. in 1931.

The present slow rate of industrial progress is suicidal to the economic interests of this country. Cottage industries, which used to contribute to the rural prosperity, have gradually disappeared. Agriculture has become a precarious occupation. The world depression and the economic, financial, and political policies of the Government of India have crippled the agricultural industry. The exchange and currency policy and the policy of Imperial Preference have reduced the incomes of the farmers by several crores of rupees. The abnormal fall in prices, during the last five years, has reduced the income of rural population by crores of rupees, while the taxes have increased considerably. The rise in taxation in the case of the rural population, who live on agriculture, is much higher than in the case of those who have regular incomes owing to the fall in the agricultural prices. The problem of unemployment in the rural areas has become more serious and pressing than the problem of unemployment in the urban areas. The recommendations which the Royal Commission on Agriculture made in 1928, "that all the resources at the disposal of the State should be brought to bear on the problem of rural uplift. What is required is an organised and sustained effort by all those departments whose activities touch the lives and surroundings of the rural population" has become much more imperative in 1935. The rural population has been actually living on its capital instead of on its production. Thousands of farmers have been ruined and the downward march is still continuing. The farmers have sold their lands and ornaments to meet their liabilities but there is no hope in sight in the present financial outlook of the Government. The distress gold of the rural population has saved the Government and the country from financial catastrophe. But the Government remains indifferent as usual to the needs of the rural population. The Finance Bill introduces no relief to the suffering rural tax-payer though he bears a greater portion of the burden. Though the generous grant of 100 lakhs is a welcome change in the economic outlook of the Honourable the Finance Member, it will not effect any material change in the economic condition of the rural population. The financial proposals should have provided some permanent relief to the over-burdened rural taxpayer instead of a grant of 100 lakhs. The previous Finance Member's pledges are equally sacred in the case of the general taxpayer as in the case of salaried officers. But the whole financial policy of the Government is based on the State Services. One million servants of the State determine the fate of 350 millions in an ascending scale, from His Excellency the Viceroy to a Chowkidar in a village represent the interests of the State. The financial and self-preservation responsibilities of the Finance Member are mainly in the interest of the servants of the State and the people who maintain these servants have only secondary consideration.

The main problem for the consideration of the Finance Member is the self preservation of the millions of rural population and his responsibility to the taxpayer. The rural indebtedness amounts to about 800 crores and is increasing day by day. Rural reconstruction and regeneration in some form or other is necessary to give relief to the rural population by creating employment to the millions of unemployed in the rural areas. If the grant

of 100 lakhs of rupees can secure the desired end in 7,00,000 of villages there is nothing to be said against the policy. But even the policy of this grant seems to be only an eye-wash. When the substitution of direct to indirect election to the Central Legislatures is taken into consideration, the recent success of the Nationalist and Congress candidates in the Assembly elections has deprived the rural population of their right to direct election. Repression and concession always go together in the Government policy. The problem is not how many crores are required but what are the requirements and how they are to be met. It is not a matter of money but a matter of outlook and change of heart. If the Government seriously believe in rural uplift, the first requisite is trust in the people. Repression of all forms is to be discontinued and the confidence of the people in the rural areas is to be secured. There are millions of educated and uneducated people who can serve the country if they are trusted. There are well trained men in all the branches of Government services for all constructive purposes and they can profitably co-operate with the people. The only requisite is a change in the angle of vision. In the reconstruction programme sufficient production of food must naturally take the first place. The imports of wheat and rice testify how India is gradually drifting into helplessness even in the matter of food grains. The growing population requires immediate attention of the Government so far as food is concerned. The population of India requires 90 million tons of food grains per annum but the yield of food crops amounts to 65 million tons. After giving allowance for the quantity required for export, seed, cattle feeding, the balance is barely 50 million. This insufficient supply of food-crops to a country predominantly agricultural is sapping away the vitality of the people. The cultivated or cropped area in British India is 261 million acres. In addition to this there is an area of 154 million acres of cultivable waste land which may be brought under cultivation. There are projects like Tungabhadra, which require immediate consideration, in Madras, Bengal, Punjab and other provinces.

Apart from the financial policy, even in the matter of general services the needs of the rural population are generally relegated to the background. In 1933-34, 1,000 rural post offices and post boxes were closed while those of the urban ones were increased. In starting experimental post offices the partial contribution system was discontinued and full contribution system was adopted. While the increase in the expenditure of urban post offices is 11 lakhs in that of rural post offices is only 50,000 in the budget proposals, though the cost of a rural post office is only about Rs. 140 per annum. In the matter of roads and communications, the same negligence is shown to the village communications in the rural areas.

In the field of Government jobs the rural population have very few chances. But a few small concessions, without any financial complications, may be given to the people (1) The observance of the Gandhi-Irwin Salt-Pact in a more liberal spirit. (2) The extension of rural post offices to every group of five or more villages. (3) Village road extension and construction. These items can be easily undertaken for the economic uplift of the rural population.

The main problem to be solved by the Government is the increase of production and income of the rural population. The rapid revival of industries and the extension of agriculture are problems, which the Government are required to solve. The mechanization of large industries may

[Mr. K. Nageswara Rao.]

require time and large capital, but the revival and improvement of cottage and rural industries can be undertaken without delay. There are thousands of educated young men and women who are ready to serve their country. There is stagnation not only in agricultural industry, but in all walks of life. Lack of identity of interest between the rulers and the ruled makes the financial and other policies unreal.

In this connection, a fitting tribute may be paid to the great social services which Mahatma Gandhi has rendered to the uplift of Harijans in the rural areas by reviving and improving the leather industry. In villages, leather industry is a cottage hereditary industry practised from time immemorial by Harijans, Harijans richly deserve a portion of the rural uplift grant to improve their social and economic condition. In this matter politics are not mixed with the Harijan uplift. Above all, financial problems are problems of men, and matters of money ought to occupy a secondary place. The Government should give up their prejudice and prestige and see their way to help Mahatma Gandhi in his rural uplift work. India has the good fortune of having a great living man. He has inspired the Indian people with self-respect, self-confidence and self-reliance. He is the embodiment of truth, service, and non-violence and may be safely allowed to carry out his rural industrial revival work. Plain living and high thinking is the key note to Mahatmaji's life. Real and living India is still to be found in Indian villages. The farmers are self-respecting, hard working, honest labourers and Mahatmaji, a great leader of men, may be allowed to carry hope and light to the suffering millions of the rural areas in the revival of rural industries.

Babu Baljnath Bajoria: May I make a personal explanation? I made a mistake when I gave the figures of expenditure for Delhi: I said 23 crores. It should have been 13 crores. I am very sorry for the mistake.

The Honourable Sir Frank Noyce: I am very grateful to my Honourable friend for his correction: I may tell him that the actual figure is 15 crores.

Mr. B. Das (Orissa Division: Non-Muhammadan): What about the new expenditure of Rs. 2 crores last year?

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa Muhammadan): Sir, first of all allow me to congratulate the Finance Member on his having introduced and presented a Bill for the first time, within the memory of the last few years, which does not aim at new taxation and new customs duties. Of course, the relief given is far from being satisfactory for a country like India, but we must appreciate even that little, which we have been given. I wish we could be in a position to make constructive programmes, as we, unfortunately, do not have any control on our own affairs we can only make suggestions and repeat our tales of sorrow and despair. Looking to the whole foreign trade and commerce of India we only feel that we exist in this country to be used by foreigners and become a means of their prosperity. It is not that we allow ourselves to be exploited by our own actions but that we have no remedy as a slave nation in this country. We are saddled with agreements like the "Ottawa Agreement" and the "Indo-British Trade Agreement" even against our definite expressions of dissatisfaction and disappointment.

For a country like India, where 80 per cent. of the people are engaged in agriculture, it is absolutely necessary that the export of those products to other countries should be facilitated in every possible way. Having my connections with commerce for some time in different capacities as Vice-President of the Muslim Chamber of Calcutta and other commercial bodies in Bengal and Bihar and Orissa, I do firmly believe that all the export duties on such commodities, where we do not hold virtual monopoly, should be abolished. In this connection, I may once again congratulate the Finance Member for having abolished the export duty on skins, and this little relief is being very much appreciated by the merchants everywhere. I remember yesterday some of the Honourable Members belonging to the Congress did not appreciate it and made erroneous statements. If I am allowed to say so, I think it is due to their ignorance of this trade or for reasons of prejudice existing amongst our Hindu friends for the trade. I will not take the time of the House in explaining the ins and outs of the skin trade, but I may inform him and the House that the abolition of the skin duty is absolutely necessary. The skin trade has reached a level where it may altogether be ruined like the indigo trade as it is being replaced by artificial fabric use and rubber use all over. The skin trade has a world-wide competition and we could not compete with Africa, Russia, Mombasa, Madagascar and China skins with a handicap of the duty. I think the Honourable Member does not realise that for reasons of selections and assortments, the duty of five per cent. *ad valorem* was so high that we could not ship these skins at all to foreign countries. The value of the rejection skins is Rs. 8 to Rs. 5 per 100 and to export them with a duty of five per cent. *ad valorem* will make the sale impossible in foreign countries. Since over six years, we had practically stopped shipping of inferior skins, and the shipping of the skins of Oudh and Lucknow quality which only value about Rs. 30 per 100 was also on the point of being stopped. In such skins duty came to about 20 per cent. of value and not five per cent. Mombasa and other skin shipping countries were able to defeat us in prices mostly on account of this duty. There may be an idea with some people that we could use our skins in India in our own tanneries, but I may inform the House that upto now, even Madras, the foremost tanning city, has only been able to build up a trade in "Half tanned hides and skins" and, either, for the lack of skill or machinery, they have not been able to produce such tanned stuffs as would enable them to compete with other tanning countries.

Maulvi Syed Murtaza Sahib Bahadur: (South Madras: Muhammadan): Question.

Mr. Muhammad Nauman: Duty was levied on skin by way of protection to these industries but we have seen that no efforts have been made by those tanners to compete against foreign tanning. Skin is also one of such products in India where we do not hold virtual monopoly and which is one of those raw commodities for which we have either no sufficient use or no sufficient arrangements to prepare them here and export tanned skins or ready-made shoes to other countries. Sir, you will not be surprised to hear that skin prices reached a level, where the butchers would prefer to throw them off rather than send them by land and sea to be sold in skin emporiums and markets for a price which would not even cover the freight and the charges of salting (for preservation), etc. It actually happened that in a State like Nepal nobody could take the lease of hides and skins, and, in this way, many people have suffered huge amounts of losses. I remember to have brought these facts to the notice of the Commerce Member

[Mr. Muhammad Nauman.]

in 1938 in my capacity as head of the Deputation led by the Muslim Chamber of Commerce, Calcutta. From the figures given in the Honourable the Finance Member's speech, you can also realise how India was losing her share in the skin trade.

Now, coming to other commodities, Sir, I would only suggest that once again the tariff rates should be revised for every thing on the present level, and effort should be made either to abolish the export duties or minimise it to the extent it may require.

I would also suggest in this connection that prohibitive import duties should be levied on the imports of such commodities which we ourselves produce in majority such as rice, wheat, shellac, etc., the duty levied on import of rice and wheat is insufficient. Recently, an inferior class of shellacs have been imported from other countries like Siam to be mixed with Indian shellac and re-shipped to foreign countries at an advantageous price. This has distinctly reduced the value of our shellac export. Representing as I do Chota Nagpur, this area is being mostly damaged.

Import Duty on Salt.—As regards salt, I am of opinion that it is absolutely in the interest of Bengal that this is retained till such time when Bengal becomes a self-manufacturing unit, and, if proper support is given, Bengal can develop her manufacture in no time. In this connection, I beg to point out to a resolution of the Chamber reading as follows:

"This meeting of the citizens of Calcutta and the people of Bengal resolve that in the interests of the National Salt industry the present policy of protection be continued for a sufficiently long time to enable the Indigenous Salt Industry to grow and prosper and that it urges upon the Government to give all facilities and assistance pecuniary and otherwise, for the growth and development and success of the Bengal Salt Concerns.

This naturally brings in the question of rates into the forefront. Under protection it is admitted on all hands that the consumers had their salt at a price far below what they had for the last fifty years so the protection had not been a burden on the consumers. During these three years of protection the prices ranged round about Rs. 56, in 1931, Rs. 64 to Rs. 66 in 1932 and Rs. 45 to Rs. 47 in 1933.

Herein lies the importance of Aden Salt but at the same time it would not be out of place to mention here that of four Aden Works, three are purely Indian and one Italian. So it is up to the Government to discriminate between Indian Aden Salt Works and Italian Salt Works at Aden by some sort of excise or duty as in case of steel and such other industries under the operation of the Ottawa Pact in sympathy with the demand of all quarters. Such a discrimination would give further facilities for the development of the National Salt Industry."

Silver Duty.—I think the reduction of duty on silver is very much appreciable, but I would suggest that import of silver should be free of duty as that will stabilise our rupees, and, as Dr. Ziauddin suggested, this may be urged by the Reserve Bank as well in no time.

Of course, the review of gold export is something which requires more attention. The Honourable the Finance Member seems to think that it is one of the commodities like our own raw products like wheat. I cannot understand this philosophy of economics, as the exchange jugglery among the European powers has been the real fight for their commercial superiority and without gold resources how they can do I do not understand. Gold is not a commodity which we can grow as much as we like. "Gold" having been taken as the standard for exchange of commodities for all the time leads us to believe that only a limited quantity exists in the world, and, so long it is the standard of exchange and reserve, the credit

of a country will depend on her gold reserve at the back of her currency, and, unless this is so, why should America have refused to accept payment of debts in kind and insisted on gold? England, in her anxiety to keep her reserves, went off the Gold Standard and the U. S. A. placed an embargo on gold. Germany, France, Holland and other countries limited their import credits and Bills of Exchange. Japan at once manipulated her own exchange in the way suited to her for commercial relations with India and other parts of the world. Australia limited the amount of her import values to create sufficient gold reserve in support of her trade balance. This automatically takes us to the question of ratio administratively fixed at $1/6$ and which, in the opinion of the Finance Member, is final. Of course, it is final so long it can be fixed without our consultation, and, it is in these matters, that India begins to feel that "Good Government is no substitute for self-Government". I know that all we say may not be of any use, but, we only say so to impress on the Government that this is what is being thrust on us against our will, and if we cannot do anything we can express our regret and sorrow and make a protest in words so long as we have freedom of speech in this House.

Sir, why is this $1/6$ fixed and in whose interests? Mostly to the interest of England and in the interest of all other foreign nations who can manipulate their own exchange to keep their "trade balance" intact. England went off the gold with all the other countries of the world, sterling dropped, but India was tied to her in the same ratio, and why, because India had no voice to put a value to her currency and revalue her own coins. The simple effect of this $1/6$ is that we are constantly losing a considerable share in our exports to other countries. No country would accept a ratio thrust on her, but we have to go on with it as we have no voice to make ourselves felt. Our interest is watched by that section of the people whose better interest lies somewhere else probably.

Grant of One Crore and Industries.—Allow me to thank the Honourable the Finance Member for having granted a crore of rupees for rural uplift. I do not agree with the remarks of some Congress Members that even that allocation is made with some sinister purpose, but I would only say that this charity should have been accompanied with nation building realistic programmes. It is one thing to distribute a crore of rupees in such a vast country like India, and it is another thing to make material improvements in this country to uplift the industry and to make the nation self-contained and self-employed.

How many people can be benefited by this amount in a vast country like India? The method of distribution will be Imperial and the expenses entailed there will be equally philanthropic. Let us see what other nations do, what Peter did in Russia, what Bismark did in Germany, and what Japan did with her people to bring them to a level of first class nations in a short space of time. They gave financial support by way of subsidies. They gave all support in educating their men as experts in other foreign countries. They encouraged industries and gave protection to their industry inside and gave facilities for the export of same to other countries by revising the shipping freight policy and by opening up banks in other foreign countries to facilitate their trade. What we have in India is a discriminatory treatment everywhere. We have no financial support from Government in developing either industries or commerce. The question of fund to be found has already been discussed by my friend, Pandit Govind Ballabh Pant, and I agree with him that the Government of India can always find

[Mr. Muhammad Nauman.]

ready money if they wanted to do so. We know protection was given to sugar and match industries through protective duties, but this was only a moral support, and that even is nipped in the bud by way of levying an excise inland duty. They are taxed to such an extent that they can only exist and keep their heads above water, but never to thrive. How can any capitalist feel safe in the investment when every year's budget may bring some new excise duties? With these constant dangers of protection being reduced, who can plunge into big industrialist programmes? Can India not make motor cars and aeroplanes, radios, and so on? But we have neither the necessary protection from Government nor any subsidiary support as this is probably not the intention of our Government to bring us to a level of first class industrialists. With enormous sources we have in this country, we can do miracles and compete with first class powers within a very small interval of time.

Now, let me tell you that the Indian merchants have to exist against all odds placed in their ways as obstacles. We have no support in any thing, we have to fight against so many other circumstances created in this country to put us off the track. The foreign banks in India exist only to help exploitation by foreign merchants, their own countrymen receive all facilities of overdrafts, secured and unsecured credits, overdrafts against hypothecations of stocks and bills, mortgages of assets and short credits, and above all, a ready support for "good reference". But, an Indian merchant is not only refused assistance, but is even refused that moral courtesy of a "good reference". Normally, they say about Indians as being "good for small engagements", but, with even a man in the street from their own native land, they will place all such remarks which may convince the people of other countries in their commercial integrity. What do these foreign merchants normally do? They make combines and control the market at the lowest possible range against the interest of the Indian stockist and the Indian agriculturist, but no notice is taken of this. Shipping companies, insurance companies are mostly foreign concerns and they do all to help their own merchants living in India, but we people of this country have only to look and lament.

In this connection, I may point out that in some cases it has so happened that Indian firms have not been permitted to open branches in foreign countries. Only recently an insurance company was refused license to have a branch office in Italy, and this news has appeared the other day. It runs as follows:

"I understand that the Italian Government has refused permission to an enterprising Indian insurance company to open a branch in Italy and do business there on the ground that there are enough of insurance companies in Italy to look after the needs of Italian people and there was no need for any foreign concern to establish any branch in Italy. The Italian Government added that they would issue an Indian Company license to trade in Italy if they issued any more license to any foreign insurance companies in Italy.

It will be recalled here that different countries have different laws to govern insurance companies. America wants foreign concerns to deposit five hundred thousand dollars before they could write down a single policy. France also has such restrictions. The Indian Government has not prescribed any such restriction as far as foreign companies are concerned. I am informed that 18 Italian companies have started insurance business in India after the Italian Government's refusal to the Indian concern to open business in Italy. Indian companies are facing with a cut throat competition from foreign concerns.

The Bombay Insurance Companies Association discussed today the Italian Government's reply to a sister Indian concern and the question of leading a deputation to the Government of India to urge for protection to Indian concerns. The Bombay Association has addressed to Bombay M. L. A.s to raise discussion during the Finance Bill on this subject. This question will loom large at the forthcoming conference of Indian insurance companies in Bombay.

I understand Sir Purshotamdas Thakurdas, Chairman of the Oriental Insurance Company, will preside over the Conference and Sir Homi Mehta will be Chairman of the Reception Committee."

This is in the *Hindustan Times*. This is the treatment meted out to us when we want to trade in foreign countries, but our Government would allow anybody and everybody to come here and exploit us.

One of the purposes of the European combines in the form of associations is to defeat Indian merchants consistently by placing all sorts of obstacles and by all mischievous propaganda outside this country. Looking to the jute mills, the House probably knows that they restrict their produce by sealing their looms and restricting their hours of work, but they never care what happens to the jute growing people. It actually happened in Bengal that during 1931-32, some of the areas were left without being harvested as the expenses of cutting the crop would not even meet the price. May I, Sir, inform the House why this happened? Not because the jute bags and hessian cloths were not in demand in foreign countries, but because through combines these jute millowners and managing agents wanted to maintain their own ratio of profits about 88 per cent. to 40 per cent. gross. Despite all depression, this trade remained as profitable a programme as was possible under the circumstances, of course not so much as during the War when they earned 300 per cent. gross profits in their turn over. An Indian shipper's contract is always looked with suspicion, and unless some guarantees are placed, or unless those Indian houses are too big to be questioned about, these mills would not accept direct contracts, and all these are the results of many years' continued efforts for a combined and well-planned exploitation. These mills are also Indians, as their shares belong to Indians mostly, but because managing agencies are given to foreign concerns, the jugglery of company law and the managing agency shelters them for everything and they reserve the cream to themselves and let the sharers sleep aside with a marginal profit. The Government of India know these facts probably, but no effort has ever been made to counteract such arrangements.

As an example of combined effort for defeating the cause of Indian merchants, Europeans have got a chamber named the Bengal Chamber of Commerce, and their arbitrations are another farce. I do not know what justice is done between European and European, but the arbitration between a European and an Indian is mostly a farce and a method to quell down the poor Indian merchant. The arbitration is something very curious. From my own experience in a matter of difference between my firm and some Australian buyers, we were refused to elect the names of the arbitrators. We were even refused to be represented through our solicitors and lawyers, and against all sense of justice and equity we were saddled with an award of about £4,000 (four thousand pounds), and this was the treatment given to us, probably because we were Indians. This was one of the best methods to relieve the European firm from competition. The constitution of the Bengal Chamber of Commerce is so made that no Indian merchant is ever given any help or support, and this commercial oligarchy of a

[Mr. Muhammad Nauman.]

few people do all they can in their own interest and in the interest of continuing the exploitation of this poor country. In the Bengal Chamber, no Indian new members are anymore allowed, I would request the Government to take steps, so that they may at least feel that the matter is being taken notice of by the authorities in this country, and if foreigners desire to continue their commercial pursuits, they can only be allowed to do so on the basis of equal partnership with Indians. We are insulted in our own homes, and this is the specimen of the control we have on ourselves. An Indian is treated as a criminal, especially in the business world, and why, because he wants to share the commerce of his land.

Commenting on the company laws, I would only think that the commercial jugglery of managing agencies should be revised in the light of the expert opinions of Indian lawyers and Indian merchants chambers and the Muslim Chamber of Commerce of Calcutta. It is through these managing agencies that exploitation of Indian trade and commerce is mostly carried. It is an example of foreign exploitation with our own money and our own labour. Indians buy shares, they supply stock, they work the machineries but the cream of profit goes out of our country. Now, looking to the monopolies granted by the Government we think this is another example where exploitation is allowed by the Government with their knowledge and power. All big monopolies have been given to foreigners like those granted to the Calcutta Electric Company, Calcutta Tramways, Bengal Telephone, etc. All such big monopolies are given to European firms. Even in the Stores Department, we have seen that contracts are given to people in London through their London offices in preference to Indian traders. Some firms hold a sort of virtual monopoly for supply of grains, etc. As Mr. Bajoria pointed out, 85 per cent. expense is involved in making purchases for only 60 lakhs of rupees. I would only submit that the welfare of a nation depends on her resources utilised in industries and her commerce, and unless this Government is willing to support us in such directions, we cannot feel satisfied. It is absolutely necessary that efforts should be made to help industries by subsidies, grants, etc., and instructions should be given to banks to encourage Indian merchants. The Bengal Chamber of Commerce should be informed that their arbitrations, so arbitrarily carried out, cannot be binding in the Courts of Law. The High Court of Calcutta should take no notice of such frivolous awards secured without legal representation of parties. There should be a thorough revision of the freight policy of the railways, as I have already remarked during the debate on the railways. A Board should also be framed to regulate the freight charged by the shipping companies, which should be adjusted to the interest of this country. To facilitate communication, cheaper postage should be immediately introduced. To spend money on broadcasting may well be appreciated, but it is a surprise that the cheaper means of postal communication has been ignored and an effort has not been made to make this easier and provide it in such a way as to be within the reach of more people for more frequent use in business. Sir, the Government will find a solution of the unemployment by only encouraging and supporting industries and commerce, and it is by means of this that Government may find a solution for ending the terrorist movement, which probably has had a start in this country as a result of there being an unemployed educated section of the people in India. With these words and suggestions, Sir, I resume my seat.

Mr. Fakir Chand (Jullundur Division: Non-Muhammadan): Sir, in dealing with the Finance Bill which was introduced by the Finance Member yesterday, I wish to make a few observations on the general policy of the Government, in order to show that a Government which seeks to impose taxes should satisfy the elementary tests of good government. So far as the present Government is concerned, I wish to lay the following charges at its door. My first charge is, the present Government is not observing the provisions of the great Proclamation of Queen Victoria, which is the Magna Charta of our rights, both in letter and spirit in the matter of recruitment to the army. The Indian army has hitherto been recruited not from all classes, castes and creeds but from certain supposed martial classes only. Now if candidates satisfied the physical test, they should, I say, be taken and tried, if only they show the proper aptitude for training, no matter to what class they belong they should be taken into the army, and if they showed merit and ability, they should be promoted to the officer rank. Who knows that from amongst recruits from these very classes a Hari Singh Nalwa, who was the greatest General of the army of Maharaj Ranjit Singh, may not emerge? Not only this, Sir, but I may say that this Hari Singh Nalwa conquered Afghanistan, which up till today, has only been the dream of many people.

Mr. M. Ghiasuddin: No; Afghanistan was never conquered by Hari Singh.

Mr. Fakir Chand: Therefore, Sir, let this bar, the confinement of the recruitment only to the martial classes, be removed, and everybody, I urge, should be free to be recruited to the army. If another war takes place in the near future, then it will be necessary to find men by indiscriminate recruitment, as happened during the last war, although, normally, nobody can find recruitment excepting the most privileged members of the martial classes who used to be recruited before, but, Sir, when the Great War came on in 1914, everybody got recruited to the army. And what will be the result? The result will be that, if another war comes on in the near future, it will be necessary to find men by indiscriminate recruitment and without proper training, and it will be difficult to rely upon such an army, composed of men newly-recruited, without any previous experience and proper training at their back. Besides it is necessary that the Indian army should not be merely a mercenary one, but should be transformed into a truly national army, and for this purpose it cannot be made a close preserve for certain classes but should be thrown open to all classes and communities. (Hear, hear.) Secondly, a national army and not a mercenary army could alone defend the huge frontiers of India against a foreign attack from a first-class power, as was so ably demonstrated by my friend, the Honourable Dr. Desmukh day before yesterday in his fine speech on the military budget. My second charge against the Government is that it has totally disarmed and emasculated the entire Indian population consisting of 360 million souls. As matters stand, it is penal for a man to handle arms and he is liable to suffer rigorous imprisonment up to the extent of seven years if he is found in possession of arms and is attempting to conceal them under section 20 of the Arms Act. This law applies to all classes, martial and non-martial, as none can convey arms without a license. The result is that almost daily we read in the newspapers of such and such person's house having

[Mr. Fakir Chand.]

been burgled by dacoits and of his family members having been assaulted, disgraced and deprived of all belongings.

Now, is that a satisfactory state of affairs? Is it not the right of every man to be able to defend himself and his family and his hearth and his home against marauders and dacoits? And how can this be done unless you are allowed to possess arms and to receive training in the use of arms?

Then, my third charge against the Government is that of racial discrimination in the matter of the military services more especially in the matter of the employment of officers. The plea advanced is that the officers require previous training, and as Indians have not been previously trained, Indianisation could not be speeded up more rapidly. Sir, after the report of the Skeen Committee of 1926 we have only had so far one college at Dehra Dun, but the cost of education is most prohibitive so far as a man of ordinary means is concerned, and the education at that college can only be availed of not by young men of the average middle classes but only by those of the richer classes. According to the Skeen Committee's Report, half the cadre of officers of the Indian army should, by 1952, be Indians. Let us wait and see, as I am sure this will never come into being. The racial discrimination is also apparent in the case of the medical services attached to the army. Coming to this racial discrimination in the matter of the medical services, I will just give you a few figures to show how this has worked. Since the Great War began in the year 1914, recruiting to temporary commissions in the Indian Medical Service began from out of a number of private medical practitioners and civil assistant surgeons taken from Local Governments. Up till the year 1934, roughly about 1,500 men were recruited, but only 69 have so far been confirmed. Out of these temporary I. M. S., some have served with the Department for nine years but have not yet been confirmed and 45 such men are still on the temporary list. I may point out that Mr. Tottenham, the other day, was pleased to say that only people who are now acting as temporary officers are of five years' service but I pointed out to him that he was mistaken, as one of my relations with nine years' service is serving there, and I gave him the name, so I hope he will correct his previous answer. Now, these men are forty-five in the list, and some of them have served the Department for nine years. These temporary men are alright as Captains, but, when the time comes for their promotion to the rank of Major, they are either not confirmed or they are discharged. Now the proportion of Europeans to Indians has been fixed under the orders of the Secretary of State at two to one but as a matter of fact the actual proportion in the services is seven to one—Europeans seven and Indians one. There is no earthly reason why the proportion of Europeans to Indians should be two to one as the service, as it is called, is Indian Medical Service and a great many competent Indian doctors who have actually been officiating for a period of nine years or ten years are available. As such, why should then there be an influx of such a high proportion of European doctors in India? Then, take again, the staff of the Director General of Medical Services and the Public Health Commissioner with the Government of India. No Indian has so far been taken as Director General of Medical Services or as Public Health Commissioner. Up to this day, you will find that not a single Indian has been appointed to these offices. Then again take the case of the Royal Army Medical Corps,

which has about 500 officers, but not a single Indian has been recruited to it. Although this Royal Army Medical Corps serves the British Army, inasmuch as European officers are eligible for the Indian units, why should not the Indian officers similarly be eligible for service in British units serving in India? But not a single Indian has been appointed to it. This racial discrimination makes the administration top heavy and at the same time, undermines the efficiency of the services. The racial discrimination predominates everywhere and has permeated all Departments, whether civil or military, with the result that instead of an Indian feeling that he is an Indian first and everything else afterwards, he feels that he should serve his community—as a Muslim, Sikh or Parsi would serve his brother—first and then his motherland.

From the point of view of the services, civil or military, I urge, Sir, that efficiency should be the sole test and not the fact of a man belonging to a certain class or professing a particular religion or faith. This can never conduce to efficiency in the general administration. This policy of racial discrimination has worked great injustice, as will be apparent if one reads the Punjab Alienation of Land Act or Relief of Indebtedness Bill which is shortly to receive the assent of the Governor General. Both these Acts are a disgrace to any civilised nation more particularly to the English nation which prides itself as owning the greatest Empire in the World. Under the Punjab Alienation of Land Act, no person, except certain favoured classes and tribes, can purchase land from an agriculturist without the sanction of the Collector of the District which is rarely given. In execution of decrees, the lands belonging to agriculturists are not saleable, but in the case of loan due to the co-operative banks, the lands, houses and everything belonging to the agriculturists are saleable.

Captain Rao Bahadur Chaudhri Lal Chand (Nominated Non-Official): No, no.

Mr. Fakir Chand: The land is certainly liable. The Court can take hold of everything in execution of the decree. Under the Act, everything is saleable.

Captain Rao Bahadur Chaudhri Lal Chand: See section 60, Civil Procedure Code.

Mr. Fakir Chand: That does not apply at all. It is a special Act. In the case of the Relief of Indebtedness Bill with the help of the Conciliation Board, you can wipe off the debts due, be they decreed debts or even secured debts. Now, is it just or fair that debts advanced under the ordinary law should be wiped off by an Act recently passed with retrospective effect. If justice is to be administered it should be administered to all classes freely and impartially whether they are agriculturists or non-agriculturists. All should be made to feel that they are on the same footing in regard to their civil rights and disabilities.

My fifth charge against the Government is with regard to their educational policy which deserves to be wholly changed. Vocational training should be introduced and technological institutions should be started so that the problem of unemployment should be solved and hundreds and thousands of our young men who are driven to despair by reasons of unemployment may find employment and avoid imbibing the cult of terrorism and communism which most of them are liable to do as matters

[Mr. Fakir Chand.]

stand at present. The other day we read of a Bengali young man of Lucknow having thrown himself before an engine and being killed instantly because he was disappointed with life and because he could not get any employment.

As to the merits of the Finance Bill, I support my Honourable friend, Pandit Govind Ballabh Pant, in so far as he asks for a reduction of the salt duties, to whatever extent it may be possible, as this affects all classes and especially the poorer ones.

As regards the post office, the Government should revert to old rates of one pice post card and two pice envelope which are most popular amongst all classes. This can be easily done if the question of broadcasting and of making roads in the Frontier Province are held up for another two years. After all this policy of making roads in the Frontier, I am afraid, may prove disastrous some day. We know that there were differences from the very start as regards this forward policy of the Government. There were two schools of thought from the very beginning. It was Lord Lawrence who initiated this forward policy. The other school of thought was of opinion that the policy should be one of masterly inactivity and that we should stand on our frontiers and guard ourselves against any foreign invasion. We have been crying about the bogey of Russian invasion although that bogey was nipped in the bud by Japan in 1904. So that, my submission is, that instead of finding money for broadcasting, which is not so essential a thing as the remission of taxes, or instead of finding money for laying out new roads on the Frontier which again is not very necessary now, instead of doing all these things, if the Government were to utilise the surplus in its hands for reducing the postal rates as well as to reduce the salt duty and also reduce the minimum level of taxable limit to Rs. 2,000, if all these had been done, it would have been of real help to the masses. Instead of that, the Honourable the Finance Member reverts to these things of finding money of 20 lakhs for broadcasting, 25 lakhs for roads and another 20 lakhs for aviation, and so on.

As to the income-tax, if one studies the provisions of the Act, it has three great defects. Firstly, the assessing agency and the agency which hears appeals from the orders of the assessing officer belong to the same department which is interested in realising, as much as practicable, without regard to the dictates of justice and fair play. Under the English Act the agency which assesses the tax is representative of the people and this agency sits and assesses the tax. Whilst amongst us it is the Income-tax Officer, it is the Income-tax Department which assesses the tax and the hearing of the appeals rests with the Assistant Commissioner who belongs to the same Department. As a matter of fact the agency which hears appeals should be entirely different and should be unconnected with the agency which assesses tax, and, moreover, the assessment of the tax should be on a more popular basis than it is at present and just as in the case of the English Act the representatives of the people should sit and assess tax. But here we have one and the same department, which is interested in collecting taxes, sitting and assessing people to tax.

Now, as to how this Act is worked, I beseech your attention to two provisions of the Act, section 23, sub-section (4) and section 18. Now the

ordinary procedure for the assessment of tax is this. A demand notice is sent to any person on whom a tax is sought to be levied and it is to be returned by him after filling in the necessary particulars. If he does not do so, then in that case, he has no right of appeal against the assessment. There is another provision, section 23, sub-section (4), which says that if the Income-tax Officer requires a certain document to be produced before him and the assessee does not produce it, either for this reason that he does not have it or that he has no knowledge of the same, then, in that case, he is absolutely damned, because the assessing officer then has it in his discretion to assess according to the best of his judgment. You all know what the best of his judgment may be. It means that the Income-tax Officer might assess to any extent and in fact cases have happened in which an assessee who used to pay tax on Rs. 10,000 last year has been assessed on an income of six lakhs this year simply according to the whims of the Income-tax Officer. All this provision is availed of by certain Income-tax Officers simply to avoid any appeal against their orders. There is no appeal if the Income-tax Officer proceeds against an assessee under section 23, sub-section (4). Now it very often happens that if an income-tax Officer takes it into his head to assess a man to the highest rate, he calls upon him to produce a document which probably he knows that the assessee does not possess. In the case of any ordinary person, he may not have any such document at all, but all the same if the Income-tax Officer calls upon him to produce, either he has to produce the document or say he has no such document. If the man produces the ledgers, the Income-tax Officer says, "I do not believe your ledgers, I want your stock register. As you have not produced it, I will assess you to the best of my ability and judgment". He makes an assessment on the assessee. I ask, Sir, is this fair, is this equitable that in the case of a dispute, which involves Rs. 500 or upwards, you have got a right of second appeal to the High Court but in the case of the Income-tax Act, you have no right of appeal at all if once the Income-tax Officer takes it into his head to call for a document which, however, the assessee is not able to produce for some reason or other? I submit, that is grossly unfair and we are denying the right of appeal to a person even if he is assessed to the extent of several lakhs because, in the case of ordinary dispute, where there is a dispute, involving Rs. 500 or more, he has a right of second appeal to the High Court, but in the case of income-tax assessment, there is no right of appeal if the Income-tax Officer chooses to proceed under section 23, sub-section (4). Under the English Act, we have three appeals, whereas, here, we have not got even one appeal.

Then, there is section 13 according to which the Income-tax Officer, in certain cases, can use a flat rate and several people are assessed at a flat rate. For instance people who have lent money to zamindars are sometimes assessed at a flat rate by being supposed to have received 25 per cent. interest per year. They are assessed at that flat rate. The Income-tax Officer says to the moneylender, "you do not show your books, and, therefore, I assess you at a flat rate". This is section 13. The third difficulty in the administration of the Income-tax Act is that a reference to the High Court only lies on a question of law under section 66, and that too in very rare cases. As sometimes the income-tax figures go to lakhs, it is only equitable that the right of appeal to the High Court should be given even on questions of fact more especially as there

[Mr. Fakir Chand.]

is a right of appeal in civil cases to the High Courts in case of the subject matter of dispute being more than Rs. 5,000. There is a right of appeal to the High Court. In the case of the income-tax you have no right of appeal to the High Court except the right of having a reference on a pure question of law. And in the case of civil disputes we have the right of first appeal to the High Court even on questions of fact if the value is above Rs. 5,000. The second suggestion which I make is that the agency which hears the appeals should be entirely distinct from the agency which assesses the tax. It is high time the Government should pass an Act which would do full justice to the ~~ASSEESSES~~.

As to the incidence of the tax, for the present I would be satisfied if the minimum for tax is raised to Rs. 2,000 and the right of appeal safeguarded as I have stated before. Trade depression has ruined the traders and the only way in which a fair assessment can take is the way which I have already described. It should be on a popular basis just as under the English Act it is the representatives of the people who make the assessment. Similarly it should not be the Income-tax Officer who should hear appeals but some other agency. Otherwise the discontent will be driven deeper and deeper every day. And I may point out that this Income-Tax Act is used as an engine of oppression by some Income-Tax Officers. There was a time when people used to say that it is the *thanadar* or the *tahsildar* who oppresses people; but nowadays you will find that everybody, from the poor *pan* seller to the rich merchant, offers *salaams* to the Income-Tax Officer, because he is the biggest man from whose judgment there is no appeal if only he proceeds in a malicious way. Therefore my submission is that so far as the administration of this Act is concerned, it should be administered in a proper way and the rights of the assessee safeguarded.

Then, so far as the decrease of the import duties on wheat is concerned, I submit it will work disastrously to agricultural interests inasmuch as the price of wheat will go down. In fact I heard talks on the telephone of the speculators of Delhi who were trying to reduce the prices since they learnt that the import duty is being reduced. The result will be this. Government say that they have given one crore of rupees for agricultural uplift. That is being given with one hand but they will be taking away with the other hand what they have given to the agriculturists, if as a matter of fact they reduce the import duties; because the price of wheat will be reduced and my part of the country consisting of colonial tracts at least would suffer heavy losses which may amount to several crores of rupees. And there is no justification for the reduction of this import duty. We have plenty of wheat in the whole of India just now and it is no use trying to reduce the price of food stuffs with the consequent disadvantage to the agriculturists. With these humble submissions I beg to say that I do not oppose the Finance Bill but I only suggest that these modifications should be incorporated.

Mr. B. B. Varma (Muzaffarpur cum Champaran : Non-Muhammedan):
Sir, I desire to confine my observations to one main subject, namely, the present plight of sugarcane growers in India. The Tariff Board on Sugar Industry has pointed out that, "not far short of 15 million people

are directly concerned in the cultivation of sugarcane". This was the position in 1930. Now considerably many more thousands are directly interested in this industry.

The same report observed:

"The price of most staple crops in India depends on world causes, since the home market is not sufficient to absorb the total production. But in the case of sugarcane, the position is different.....There is perhaps no other agricultural product of equal importance in regard to which Government has the power to afford substantial relief by ensuring that so far as possible the home market shall be reserved for the Indian agriculturist, so that, however, greatly he may be affected by world causes as regards his other crops, one source may remain from which he may be able to obtain the wherewithal to pay his rent and irrigation dues and produce those necessities of life for which cash payment is required." (*Vide page 40 of Tariff Board Report.*)

In short,—

"At all times it occupies a prominent position in agricultural economy as being one of the few crops on which the cultivator relies to meet his cash requirements."

It is wonderful that the cultivators of cane, in spite of the low price of cane and various handicaps, are pursuing their work with admirable courage and hope. They cannot be expected to grow canes for all times when they are not able to get a just return on their labour and outlay. They rightly think that they are not receiving a fair and equitable share of the benefit given by the protective tariff. Cane is being grown at the expense of the soil fertility, and, we are, therefore, heading towards disaster. It is not possible for the cultivators to adequately manure their holding as is necessary in the cane cultivation on the basis of the prices they are receiving. The Government of Bihar and Orissa held two Sugar Conferences to which I was also invited, to represent the growers. The result of the conferences has been that the Government of Bihar and Orissa have framed some Rules under the Sugarcane Act to minimise the malpractices and abuses prevalent in most of the mills but no adequate financial resources have been made available to the Bihar and Orissa Government to effect agricultural improvements. Efforts should be made to improve the yield rather than increase the area of cultivation of sugarcane. The Government are doubtless aware that each acre of land yields 10 tons of cane with 12 per cent. of sugar in Java instead of 10 or 11 tons of cane with only nine per cent. of sugar in India. If the cultivator can raise the yield from 11 to even 30 tons, it will yield to him more than double the income from the same land. This will both be in the interests of the cultivators as well as of the mills. If a small area is properly cultivated, according to improved methods, it will give more yield than a large area badly done. Intensive cultivation is better than extensive cultivation. To place the industry on a sound basis, cordial relationship is no doubt essential between the manufacturers and the growers. The manufacturers should try to understand the difficulties of the growers and not merely make hay while the sun shines and to have a pound of flesh from the cultivators at all costs.

As a result of the Tariff Board's recommendations, the Government adopted the policy of protection of sugar industry so successfully that cane production has increased and the imports of white sugar, which amounted to nearly a million tons a year in 1930, have diminished to somewhere about 200,000 tons. The question naturally arises as to who has been benefited by this policy of protection.

[Mr. B. B. Varma.]

In all their calculations regarding the quantum of protective duties to be levied or arriving at fair selling price, the prime factor of granting a fair price to the cane producer was borne in mind. The Tariff Board stated:

"Since, as we have seen, the problem before us is mainly agricultural and the interests to be served are primarily those of the cultivating classes, it is not sufficient to ascertain the price at which cane can be obtained. It is necessary to go farther and attempt to determine a fair selling price for cane, that is to say, a price which will give the cultivator a reasonable return for his labour and outlay, etc." (*Vide page 54.*)

On this basis, they concluded "a fair price for cane would be about eight annas per maund delivered at factory". This they estimated as a minimum price.

But, Sir, in practice, this principle has been totally ignored ever since the policy of protection was launched. Notwithstanding the fact that last year this House passed the Sugar Cane Bill, the cane grower has been out of the picture and it is only the sugar manufacturer that has been looming large.

I would like to emphatically state that the average cane grower has never received a reasonable price. The average price in my Province of Bihar and Orissa has never been above five annas a maund. I desire to remind this House, that according to calculations of the Sugar Technologists referred to by the Honourable Mr. J. P. Srivastava at the Simla Sugar Conference in July, 1933, the price which the cane grower should obtain is 8 annas and four pice a maund under the present conditions adopting the Tariff Board's line of argument. I ask, whether this has ever been realised in practice? Although the consumer has made great sacrifices in the shape of protective duties amounting to crores of rupees, the cultivating classes, for whose interests the protection policy was primarily recommended, have not received that much attention that they merit.

The whole problem has been obscured by the controversy over the imposition of excise duties. There has been an impression that the interests of the sugar factory owners and cane growers are divergent. The Tariff Board did not proceed on this assumption. It is fundamental that neither the cultivator nor the factory owner should be asked to work below reasonable cost of production.

At the same time, efforts should be made to rationalise the whole industry in every possible direction. In regard to the sugar manufacturer, one of the main grievances is that the by-products of the industry, like the molasses, etc., are not yielding a remunerative return. In this connection, I would like to quote the following extract from a speech delivered by Sir P. C. Ray at Dacca in September, 1933:

"Ways and means must be devised for the proper utilisation of molasses.....In my opinion, it can be utilized, with much profit, in the following two ways:

(a) Production of methylated spirit.

(b) Production of power alcohol which might be used as a partial substitute for petrol. You will be surprised to know that on an average over a million gallons of methylated spirit are imported annually from Java alone. Much wealth can be easily

retained in the country if this huge quantity of spirit is produced from our own molasses. But the most profitable way in which it can be utilised is the manufacture of power alcohol from it. The latter, when mixed with petrol in the proportion of 5 to 1, serves as a fine substitute for motor fuel. The bulk of the molasses, produced in the Philippines and Hawaiian Islands, is disposed of in this manner. It will not be out of place to mention it here that legislations have been enacted in almost all the Continental countries making it compulsory for the Petrol companies to use not less than ten per cent of power alcohol with petrol. I should, therefore, urge upon the Government to consider seriously the desirability of passing such legislation in India irrespective of some revenue losses that might follow due to the fall in the import of petrol."

Coming to the cultivator, there is necessity for improvement in the methods of cultivation. This requires greater State assistance, financial and otherwise, than in the case of the organised factory owner on account of the general ignorance, conservatism and helplessness of the agriculturist. The Government should provide irrigational facilities by sinking tube wells, and making sufficient quantity of water available to the fields. They should supply better seeds through demonstration farms of Government in each big area where cane is grown and spread knowledge about methods of manuring. Increased research should be undertaken with a view to improve the quality of cane suitable to different climatic conditions in various provinces.

In the Explanatory Memorandum by the Financial Secretary, it is stated that the special subvention to provinces out of the sugar excise duty will amount to Rs. 5.48 lakhs for 1934-35 and Rs. 6.43 lakhs for the coming year. This niggardly sum is hardly sufficient to take up the task of educating and assisting the cane grower to adopt latest methods followed in Java.

The Honourable the Finance Member, in his reply in the general discussion, stated that nearly Rs. 24 lakhs have been spent on sugarcane research and another sum of Rs. 14 lakhs is allotted for the same purpose, to be spent in the course of five years. I do not know what proportion of this expenditure represents establishment charges. I am afraid the expenditure on supply of seeds of improved quality has been comparatively low or none at all. This must be correspondingly increased to be of actual benefit to the cultivators. As representing the cane growers in Bihar and Orissa, I am bound to say that the activities of the Agricultural Department in regard to sugarcane, so far as the cultivators are concerned, have not spread far and wide to any tangible extent, have not been properly advertised and have conferred no substantial benefits.

Therefore, I submit that all the income out of the excise duty on sugar amounting to about Rs. 140 lakhs, or, at any rate, at least Rs. 40 lakhs should be set apart for a large scale drive to rationalise the industry.

These sums should be utilised for giving assistance in cases where adequate price has not been secured on the sugar-cane, for experimenting on and introducing improved types of sugar-cane and in similar activities. Local Committees, representative of Associations of interests concerned, should be formed and consulted in the matter. Periodical reports as regards the activities of the Government should be made available to the Members of this House and the public at large for constructive criticism. Otherwise, protection will be a colossal failure and a great catastrophe to the cultivator of sugarcane is imminent in this country if timely action is not taken. With these words, I conclude my remarks.

Maulvi Badi-us-Zaman (Bhagalpur Division: Muhammadan): Sir, I have no desire to enter into any detailed discussion at this stage. I would like to confine myself to matters that come within the purview of the Finance Bill. I am not prepared to welcome either the budget or the Finance Bill. Both of them are disappointing documents. It goes without saying that the taxation policy of the Government is wholly unjust and unfair. It has caused great discontent and resentment in the country. Taxation, both direct and indirect, has affected adversely the welfare and prosperity of the country. While the prices of commodities produced in India have considerably gone down the burden of taxation has enormously increased. Honourable Members are aware that India has been the worst sufferer during these hard days of financial stringency and general economic depression. It is during this period that emergency taxes were imposed. Now, when there is a surplus budget, which is the outcome of the repressive taxation policy of the Government, it is just and fair that all the emergency taxes should forthwith be done away with. But what have the Government done? They have reduced the surcharge by one-third. This reduction does not satisfy the taxpayers. With regard to poor class of taxpayers, the attitude of the Government is highly objectionable. The Government have not shown any sympathetic gesture to this poor class of taxpayers. People whose income is below Rs. 2,000 a year find it very difficult to maintain themselves and their family members, and it is a pity that these people are made to pay taxes. The retention of Rs. 1,000 as the minimum taxable income is certainly highly objectionable. All small incomes below Rs. 2,000 should be exempted from the income-tax.

Then, I take the case of the postal rates. The abnormal rise in the price of postcards and envelopes has been a great source of hardship to the public. Last year some nominal reduction was made in the rates for envelopes on condition that the weight should not exceed half a tola. Of course a quarter sheet of foolscap paper with an envelope weighs more than half a tola. I am told that this so-called concession has proved beneficial to the Government and not to the public. It is extremely unfortunate that the Government has not thought it worth while even to reduce the price of a postcard which is intended for the poor people. The least that the Government should do is to reduce the price of the postcard to six pias.

The budget shows that there has been a substantial improvement in the financial position of this department. So there is no reason why there should not be some reduction in postal rates. I represent a constituency where the people are very poor and simple. Luxuries of life are wholly unknown to them. They are quite satisfied with simple food. Lots of people who cannot buy curry are satisfied with rice and salt. Salt is an article of food, both for the rich and the poor, and such an article should be free from all sorts of tax. It is in the interests of the consumer that such an article should sell cheap. The duty, which is nothing short of a tax, ultimately falls on the consumer. Therefore, in the interests of the people, the duty on salt should be altogether abolished, if possible, or at least it should be reduced. With these words I resume my seat.

Srijut N. G. Bardoloi (Assam Valley: Non-Muhammadan): I thank you very much for kindly giving me this opportunity of speaking on this subject of the Finance Bill. I have been hearing since yesterday various

speeches which dealt from protection to horse-breeding. I hope to be able to finish my speech with something that is more relevant to my province and also to the Finance Bill. Any taxation on postage and salt must be unpopular; it touches the pockets of the poor, and, therefore, I do not think anybody would support it. Since yesterday there has been a chorus of voices registering their protest against any imposition of a tax on these two commodities. Besides that, we have been hearing a lot about the export of gold and the sale of silver. I need not say more in this connection than quote a few words from the report which I have received from the Federation of Indian Chambers of Commerce and Industry. They say:

"The Commission (*The Hilton Young Commission*) contemplated a gold standard in India, and took care to emphasise that during this period no favourable opportunity of fortifying the gold holding in the reserve should be allowed to escape because they found, that the amount of Rs. 85 crores, then in the Reserve, was unnecessarily large and they recommended a reduction to Rs. 25 crores through the melting and sale of rupee coins over the period. The Government adopted this suggestion but in a peculiar manner. They used the silver very often to meet their current requirements and in place of silver rupees for which current notes were issued, 'ad hoc' securities were put in the Paper Currency Reserve to make up the difference in the Reserve between the face value of the rupees melted and the amount realised by the sale of the bullion refined out of them. These 'ad hoc' were cancelled at the earliest opportunity and there was thus a continuous deflation with every sale of Government silver."

Later on:

"The Hilton-Young Commission in 1926, recommended sales as a means to an end, namely, the acquisition of gold reserves to strengthen the international position of the rupee."

Have the Government conserved the gold resources of India? The gold is being exported in any quantity from India, and the Honourable the Finance Member justified the export the other day by saying that the excess gold was being sold at a profit and that with that profit a lot of other industries were being carried on. I say this is really distress gold. But my Honourable friend denies it. I say from my own experience—as Chairman of a Local Board I have an opportunity of travelling far and wide in the villages. And what did I find there? I found that the villagers in Assam, especially rural Assam, were unable to pay the land revenue. And why? Because the land revenue was raised very high in 1926 without a legislation as was required by the Taxation Enquiry Committee and agreed to by the Government. And the land revenue was raised not by 17½ per cent. as recommended by that Committee, but sometimes by 200 per cent., with the result that the people could not pay the land revenue. When the *maujidars* or contractors of revenue go to the men and demand land revenue, the poor people cannot pay their land revenue. What do they do in the first instance? They bring out their cows, cattle, and a little extra paddy they have got. They are sold, and you will be surprised to hear that cows are sometimes sold at eight annas and bullocks at five rupees. Who buy them? In the wake of these officials, Marwaris and other traders follow; and as those people are unable to pay, they sell these cows, bullocks, etc., to the Marwaris and, with that amount, save themselves for the time being. After that what happens? The District Magistrate, and if he cannot come, Deputy Magistrates and others go to realise the balance of the land revenue. On that occasion what takes place? The poor cultivator,—in thousands of cases this has happened—go inside and bring out the gold which their wives or daughters wear in the ear or on the neck or on the hand.

[Srijut N. C. Bardaloi.]

This gold which is called the hoarded gold may be the earnings of a lifetime of those families, and possibly, may be, of two generations, and probably three or four pieces of ornaments were all that they possessed. What do they do? They go inside the house, bring out their gold and sell the same to the Marwari at Rs. 5 a tola or Rs. 10 a tola at the utmost. The Marwari sends it on to Calcutta to be sold there. This is how the so-called hoarded gold of the peasant is sent on to England.

Khan Bahadur Mian Abdul Aziz (Punjab: Nominated Official): Do the Marwaris actually buy at Rs. 5 a tola?

Srijut N. C. Bardaloi: Yes. Things have come to such a pass. They buy at Rs. 5 to Rs. 10 per tola. All this because there is the Government official standing there, and, out of fear, these people bring out their gold and sell it to the Marwari and pay up their balance. This is truth, and I can vouch for it. Not only that. Do you know what else is happening in Assam? Only the other day, when I was coming to attend this Assembly, this happened. What were the Government doing to realise land revenue? These lands are Government lands being *Khas Mahals*—they annulled the settlement of those persons who could not pay their land revenue, and, after that, they gave notice to them to quit their holdings. Then the Government officials took elephants and demolished the houses in which, probably for seven generations, they had been living. This also appeared in the papers and it was raised in the Assam Legislative Council. This is the pass to which the Government have come. And why? The Government itself is a pauper Government now, and in order to carry on the administration somehow, they must realise every pie that they could get from the peasants and cultivators. There are no rich men there. They do not get a lot of money from the rich men, and, in order to run the administration, they must get money, and that they do by terrorising over the ryots.

The other day, when my Honourable friend, Mr. Abdul Matin Chaudhury, was speaking about petrol tax, there was a lot of laughter in this House. We do not like to come here as beggars. What we want is justice and what is our right. He described Assam as a Cinderella—this word was used by Sir Henry Cotton fifty years ago. He said that Assam was a veritable Cinderella waiting for her Prince Charming. And he did come—in the shape of foreign exploitation! The railway was opened after that, tea gardens sprang up like mushrooms, and oil fields were opened, coal fields were opened. And how has Assam gained out of the oil fields about which there is so much trouble? The oil fields are in Assam. The shareholders of that company are in England. The shareholders get profit; the coolies are Makranis and Nepalis, and they get wages. And the Central Government get the taxes. What does Assam gain? Nothing. My Honourable friend, Pandit Nilakantha Das, said that other provinces also ought to get a share. I do not mind; I wish them joy. Are the jute tax and the petrol tax the same thing? I wish all joy to Bengal. I wish that Bengal should be helped,—Bengal has suffered enough. But what about Assam? Petrol is the national and natural wealth of my province—petrol, coal and all that. The people of my province are not deriving any

benefit out of that, but people from other countries come and exploit our reserves of national wealth. What has Assam got in return? A crore and a quarter comes to the Centre. When I came to Delhi and saw these beautiful stately buildings and these beautiful gardens, on which crores and crores have been spent, I, as an Assamese, could not look upon them with equanimity. I see before my eyes my people being terrorised for the sake of their land revenue money and the money which is got there by terrorizing my people is being spent at the Centre, while that small province, with two crores of revenue, is starving there and, when I see what a lot of money is coming to be spent on aviation and broadcasting, I think to myself, "Well, wipe us out of the face of this earth". You can indulge in the luxury of broadcasting but how long are the peasants in Assam going to suffer? I do not say this myself. I think the greatest critic of this Central Government is the Finance Member of the Assam Council. What does he say. I have got a copy of his speech. He says this:

"A total indebtedness of Rs 2,11,47,000 may not sound particularly terrifying to a Finance Member who is normally called upon to deal with rupees in terms of crores but the position is very different in a province like Assam, where the total annual income from all sources—excluding *pro forma* entries which appear on both sides of the account—is almost exactly equal to this sum and where the income from purely provincial heads of revenue falls short of this sum by some fifteen lakhs of rupees."

Lower down, I find one redeeming feature in the statement of the Finance Member, namely, the grant of money for the Road Development Account. That is described by the Honourable Mr. Laine in this way:

"Nor will it be any reply to our complaint to point out that we have already received, and may receive again, substantial grants from such funds as the Road Development Account. I have already referred parenthetically to the nature of Assam's claims as regards this particular fund and we have discussed this thorny subject in the Council on more than one occasion."

How have we been treated regarding subvention and other things? I may here point out what is happening to the other provinces of India. Bengal will get from the jute duty about 167 lakhs—of course a substantial sum towards meeting the deficits. Bihar and Orissa will be separated and Orissa being a deficit province, it will get a subvention and Bihar will be self-sufficient. Punjab is well-off already. The North-West Frontier Province gets a subvention of a crore of rupees and they are crying for 50 lakhs more. Let them get it and they ought to get it, but why not Assam? Sind, which is going to be separated, will get a sufficient subvention and Bombay will be better off. So far as Assam is concerned, it is said that there will be a committee which will decide what Assam should get later on. But how long are we to live on hope and how has this Government treated us in the past? How the Percy Committee, which discussed the financial position of the different provinces, said that no representative of Assam had been asked to sit on it and, in spite of this, they considered our hard case. This is what Mr. Laine says:

"The published proceedings of the Joint Parliamentary Committee incidentally indicate that for the public declarations of the justice of our case, to which I have just referred, we are in the first instance mainly indebted to Lord Eustace Percy, who took it upon himself to champion Assam's claims in a Committee before which, unfortunately, Assam had been accorded no direct opportunity of representing their case. To the Nobel Lord, therefore, and to all those who may have collaborated with him, we tender our most grateful thanks, and trust that these explicit admissions of our need—admissions that have since been publicly endorsed by the ex-Finance Member of the Government of India, in the course of a broadcasted address in England—will be taken into full account by the Subvention Commission or Committee."

[Srijut N. C. Bardaloi.]

So, Sir, we find that although there was no representative of Assam,

Lord Eustace Percy, somehow or other, took the case of Assam into account and we find that in the Joint Parliamentary Report Assam's case has been discussed several times and we hope that something will be done when the time comes but how are we to proceed in the meantime. There is a deficit of 55 lakhs out of a total income of two crores and it will go on increasing. Why? Because Assam depends entirely upon land revenue and land revenue cannot be realised because the tax has gone up to the maximum limit. I could not hear my friend, Mr. Hockenull, properly. I think he read out a statement showing how each province is taxed and in what manner. I have got a list of that also and I find that Assam comes third and Bombay comes first. Bombay is a rich place. It comes first in the matter of taxation per head. Then comes Bengal and then comes Assam. Assam comes third in the matter of taxation and I do not think that any more taxes will be proper, nor do I think that the people will be able to bear them.

Now, Sir, my next point regarding Assam and the next grievance which I want to place before this House is in regard to the opium question. There was a lot of discussion yesterday but nothing regarding the future policy in regard to opium. We all know what happened at the Hague Convention regarding the restriction of export of opium. It was decided that opium should not be exported to other countries except in quantities which may be necessary for medicinal purposes. Now, India and Persia were the two countries which doped the others with opium. China and America objected. China went out of the Opium Committee of the League of Nations and America also went out of it, because the British representative and representatives of some other nations did not agree that opium should be stopped altogether except for medicinal purposes. We find that a Resolution was passed in this House, that up to 1935, the export of opium should gradually diminish, when it will be stopped altogether. I find now from the *Explanatory Memorandum* that it is hoped that the India Government will not export any more opium to China or other foreign countries from 1935. It is said there, that the opium which is produced in India will be kept for home consumption. Now, these opium factories are in Marwar, in Benares and in Bihar. For whose benefit are these opium factories producing opium? For the benefit of the Assamese people? This subject has been discussed by that great man and philanthropist, Mr. Andrews, in a book which was also presented before the League of Nations. All the facts are here in this book. What do we find there? The Assamese people never knew of any opium till about 1815 or 1816. We have got reports that before the Burmese invasion of Assam, Assam had 19 invasions. It was invaded by the Pathans, the Moghuls and by Raja Ram Singh, son of Raja Mansing at the head of the Moghul army. Assam staved off all those invasions but, suddenly after the Burmese revolution, what happened to Assam? One gentleman the other day jeered at my friend, Mr. Abdul Matin Chaudhury, because he talked about military affairs. We, who have come under British subjection only about a hundred years ago or still less, had been fighting every nation which came to Assam,—and now we are jeered at as being a non-martial race because my friend over there thought that our people are not in the army! I say they are still in the army. Don't you know the Assam Rifles are manned also by Assamese in numbers who are passing in the name of Gurkhas? Even if it is not so, I do not think that there is

any reason of feeling proud because some people are enrolled in the present army of a foreign Government because they are supposed to belong to the martial classes. What I say now is—that we have become poor and helpless and that is why we want help? In about 1820 some sepoy, who went to Assam under Captain Walsh, took some opium pods with them to Assam and they cultivated it there, and thus they taught some people this vice. Then it spread to the whole of Assam. Of course nowadays the evil is lessening. But what has happened to all those martial people—the Ahoms, for instance, whom the Muhammadan writers described as being one of the most redoubtable, valiant and war-like races? Sir, it is a pitiable state of affairs: Most of the people in the interior are doped with opium—men, women and children! Now, how do you know who are the opium-eaters? Sir, whenever, there, you will meet with children without clothes on their bodies in winter, you know it is an opium-eater's child, when you see a house without a roof, it must be an opium-eaters house. The moral of the whole race is being undermined, their sense of self-respect is taken away. When an opium-eater in the evening does not get his opium, he would stoop to any length of degradation and depravity; he will bring his own children to be kept as pawns with the opium-seller, so that he may get his ration of opium. He has got no principles, he has got no scruples, he has got no honour, so much so that an opium addict would even pawn his wife's honour in order to get his miserable opium, so vicious is the grip of opium on him! Does this Government, which administers this opium, in order to make its revenue

An Honourable Member: The Central Government?

Srijut N. O. Bardaloi: Does this Government look on all these miseries with equanimity? When China has come to such a stage that she will not touch it, why should we?

Sir Cowasji Jehangir: Somebody else is supplying opium to China.

Srijut N. O. Bardaloi: I say, let China take opium from wherever she likes, but why should we supply China with opium? If opium is such a good thing, why should you not supply it to England? (*Cries of "Shame, shame!"*) Sir, I have read the proceedings of the League of Nations. The Irish representative said that, "in the whole of Ireland, probably they had got a pound of opium"—so, he was not interested in this matter at all. And the plea of our Government with regard to Assam is this—that if you take away opium from those who are taking opium, they will at once die.

An Honourable Member: Mr. Abdul Matin Chaudhury does not take opium.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): How do you know?

Srijut N. O. Bardaloi: Sir, as Lord Chatham said in connection with the American taxation: "three millions of people so dead to all sense of shame are fit to make slaves of the rest", I say that when you yourself are surrounded by opium-eaters who have gone down to such depths of

[Srijut N. C. Bardaloi.]

degradation and vice as I have related, you yourself are liable almost to become something like that. Sir, I am describing all these dreadful effects of opium on the mass of the population in no spirit of levity, but I am describing them in all sincerity and sadness. Government officials are very fond of saying that opium cannot be stopped all at once, for then the opium-addict will at once die.

Now, I may tell you, Sir, that during 1921 I was sent to jail for two reasons. One was because myself and a band of my followers succeeded in stopping the sale of opium and liquor considerably, and that was why I was sent to jail (Applause),—and what did I find? In my long ramblings over villages, where I made people give up opium by my catching their feet and by other persuasions (Hear, hear), what did I find? I found that people, who gave up opium, readily recovered their health after a year or so, doing good work, feeding their children. Now, what happens among the opium-consuming inmates of a jail? You don't supply opium to them? No—but they do not die there because of that. So why all this kindness to opium-eaters? Sir, we must teach the people to do away with opium altogether. I find in the Opium Committee's Report an account of so many people, who were getting their bread on account of poppy cultivation in Malwa, in Bihar and elsewhere. Now, let Government, instead of making them cultivate the poppy and opium, let them cultivate something better,—food-stuffs, for example. But in order to supply opium for internal consumption, opium is raised, and with that object you are consequently undermining the health and morals of those people and as a matter of fact, you are really killing a nation, a race and industrious people.

Sir Cowasji Jehangir: May I ask how much revenue the Local Government derives from this opium?

Srijut N. C. Bardaloi: In those days it used to be 80 lakhs or so—now I suppose it has come down—it is about 35 lakhs or something like that. Sir, I am quite sure, it will take not less than another twenty years more for opium consumption to be decreased appreciably in Assam, not to speak of its total eradication. In the Census report by Mr. Mullens he has said that within 30 years this Assamese race will be extinguished. In Upper Assam, probably the Assamese-speaking people will remain, but in Lower Assam, they shall be extinct. I believe that to be true. A fine race, with a long, long past, with glorious historical associations, a race of fighters, a race of poets and singers, a race which has got a literature as rich as any other literature, that race is going to be extinguished. And why? Sir, the principal cause of that is opium. Sir, about 1853, in his report to Government, Mr. Moffat Mills said that the Assamese people are very good, and he proceeded to say:

"It is contended that the Assamese peasant is apathetic and indolent, that he is satisfied with an easily attained competency and that without a large increase of population, which is at present checked by the ravages of cholera and epidemic disease, by the inordinate use of opium and the consequent licentious habits of the people."

So far back, then, as 1853, this is what was said, and even now it is continuing. This terrible scourge is going on in Assam, and if this policy of Government is followed, what will follow is that within twenty years

this fine race will be extinct,—and for what purpose? For the purpose of the Government's revenue. That is what I strongly object to. And regarding this opium policy, I beg to submit that the Government should give up their Malwa and other centres where they cultivate opium. As a matter of fact, when I was in Assam, I consulted many of the opium officers, and they say that, so long as Malwa raises opium and Benares raises opium, and Bihar raises opium, it is impossible to stop smuggling. In fact opium worth many lakhs is estimated to be smuggled in this way. Now if there be no opium raised here in India, there will be no smuggling and the opium-eater will be better off without that pernicious thing being cultivated, except for medicinal purposes. Sir, with these words, I resume my seat. (Loud and Prolonged Applause.)

Mr. Umar Aly Shah (North Madras: Muhammadan): Sir, I saw this Government Budget and the Indian Finance Bill. I think nobody will support this kind of Finance Bill which is placed before us. Sir, India is an ancient historical country in the world. There are 35 crores of people and there are 7½ lakhs of villages in this country. There are many religions, many languages and many races. Now the budget says that the Government want to spend one crore of rupees for rural reconstruction, but this amount, I submit, is not sufficient for the development of the villages. It is a drop in the ocean. Now, India is 2,500 miles in length and 2,000 miles in breadth. In it there are 60 crores acres of land out of which 36 crores of acres of land are cultivated. Eight crores of acres of land are barren and nearly 16 crores of acres of land will be cultivated, but Government do not take proper steps even now. Most of the population in India depends upon cultivation, but they do not know the scientific way in which cultivation is being carried as in Japan or Russia. If the peasant wants to cultivate his land, he has to purchase bullocks and ploughs. He would get per acre eight or ten bags of paddy which means about Rs. 20 or Rs. 25 worth. Besides he is bound to pay assessment, water tax, professional tax and several other taxes. How are these taxes collected by the Government? They are collected in the most cruel way just as sugar juice is got out of the machine. Once the descendants of Chengiz Khan destroyed Baghdad and the countryside, and Poet Sandi described how the country was made desolate. I say that even if Homer or Saadi should come and see the condition of the country, they will find it difficult to describe the condition of the cultivators and their grievances. Now, Sir, in these critical and depressing days, our budget shows that the Government have collected nearly 175 crores. They provide for an army of 1,79,000 on which they spend 45 crores. Sir, in the time of the great Moghuls they provided an army of ten lakhs and they spent on them a very little amount. They collected from India 12 to 18 crores of rupees only. Now, Sir, by this sort of expenditure, on such a large scale, neither the Government is satisfied nor are the people satisfied. By such huge expenditure the people are becoming poorer day to day and the Government also are becoming bankrupt. In the beginning, if the condition of India were so bad as it is now, nobody would have cared to invade India as Arabia. In those days, they called India *ratnagarbha*, meaning a store for rubies. In those days, they called India as *Vasundhara*, meaning a country of gold. But, Sir, rubies were knocked away by the Mughals and gold is being knocked away by the British. Now, our condition has become *bhuka jakir*. We want neither the budget nor the Finance Bill. What we want is a piece of bread and peace.

Mr. Ghansham Singh Gupta (Central Provinces Hindi Divisions: Non-Muhammādan): Sir, with regard to this budget and the Finance Bill, many suggestions have been made. I have also got certain suggestions to make, but before I do that, I have got certain fundamental objections to this Finance Bill. After submitting my fundamental objections to the Finance Bill, I shall submit a few observations which I have to make with respect to my Province.

The fundamental objection to the Finance Bill is this, that this Government has no right to tax the people. Well, Sir, it may be too big a proposition from the mouth of a back-bencher like myself, but the position stands. The Congress stands for it and we have come here to repudiate the right of this Government to tax the people of India. I know that this is no more than an academic talk. I also know that many of the suggestions that we have made will fall on deaf ears of our rulers. But, Sir, I crave the indulgence of this House to lay these fundamental objections though it may be mere words and without any effect. The world has advanced in theory from the principle that might is right to the principle that right is right. Well, there were days when might was right, when it could be said that because I have conquered this tract, therefore I shall rule it, either by the free will of the people or against their will. The Great War was fought to establish this principle, and in that Great War India also joined to establish that principle. Well, that principle has been established partially in theory at least. We see that there was a plebiscite taken in Saar to find out whether Saar territory should go to Germany or France. That shows, I think that the world has advanced from the principle of might is right to the principle that right is right. If the world has advanced so far, even though I happen to occupy the last Bench in this Chamber, I have got a right to say this, that this Government, by the very same theory for which the world war was fought and to establish which thousands laid down their lives, that same theory tells me, that this Government has no right to tax the people of India and, therefore, this Government has no right to bring forward this Finance Bill. Well, Sir, I say that this Government exists in India not by the free will of the people of India. If there be any doubt about it let there be a plebiscite as there was a plebiscite in the case of Saar. The Congress represents the people of India and, as our claim is that the Congress represents the people of India, the Congress has said that this Government has no right to tax the people of India unless we get or obtain Swaraj. The only other thing is this. It used to be said that the people of India are willing supporters of this Government, because they passed laws with the consent of the Members of this Assembly which is now defunct. I say that claim also has gone. From the various adverse votes that this Government has received any shadow of doubt that existed in the minds of anybody here, that this Government exists with the free will of the people of India, is gone. Therefore, I say that from the resolutions of the Congress, from the vote of this House, this Government does not exist by the free will of the people of India, and, therefore, constitutionally and morally this Government has no right to bring in this Finance Bill. This is my fundamental objection.

Now, Sir, many objections have been raised that the army is costing much. I say that probably if it were my army, it might even cost more, and I would not grudge that. Even a small country like Japan or Germany is probably spending more than what we are spending. The

fight is not there, so far as I am concerned. I would probably consent to vote more for the army if it were *my* army. I would probably consent that the Viceroy should have more autocratic powers if he were *my* Viceroy. Does not Herr Hitler in Germany exercise greater powers than our Viceroy does here? Was not Einstein, one of the greatest scientists of the world, turned out of Germany almost within 24 hours? If the Viceroy were *my* Viceroy, I would probably tolerate his autocracy; if the army were *my* army, I would probably vote for more. By "*my* Viceroy", I mean that he should be elected by the free will of the people of India, and I will tolerate greater autocracy in him than he possesses.

Mr. M. S. Aney: Who shall be the King of India to have your Viceroy there?

Mr. Ghanshiyam Singh Gupta: That great constitutional question I will ask my Honourable front-bencher friend, Mr. Aney, to answer. My point is that we have come here to demand, and we say that the Government of India should be constituted by a Constituent Assembly elected on adult franchise based on the free will of the people of India. For the Viceroy elected by the free will of the Indian people, I would say thus that all laws shall be subordinate to his word. He shall not be subordinate to any law at least for ten years to come. My trouble is not this that the head of the Government of India exercises autocratic powers; my trouble is not that the army is very expensive; my trouble also is not this that person and property is not safe; my trouble is only this that it is not *my* Government. If it were *my* Government, if he were *my* Viceroy, I would say, "*You have* autocratic power, you may hang a man without trial, you may send him to jail", for India has to be built. Did not Herr Hitler send away one of the biggest men in the world, Einstein, the greatest scientist that the world has produced after Newton? He was turned out bag and baggage almost within 24 hours. I want *my* Viceroy to have that power, because I want India to be built. But *my* Viceroy will not have his eyes towards England, he will not be thinking in terms of England, but every minute he will be the servant of the people of India. He will have to be elected by me. Was not Herr Hitler, even after the tyranny that he was supposed to have committed, returned by 90 per cent. of the votes? *My* Viceroy or the head of *my* Government will be like that.

The Honourable Sir Henry Craik (Home Member): Who are you going to put up for the job?

An Honourable Member: Wait and see. (Laughter.)

Mr. Ghanshiyam Singh Gupta: I will be my own candidate. (Laughter.)

The Honourable Sir Henry Craik: We will all vote for you. (Laughter.)

Mr. Ghanshiyam Singh Gupta: Now, having said all this, I now come to certain concrete proposals. The Honourable the Finance Member has very temptingly suggested that he is devoting one crore of rupees for village uplift and the method that he has adopted is that we should start from the villages. Now, I do not know if the Honourable the Finance

[Mr. Ghansham Singh Gupta.]

Member has seen any village in India; I know that he has certainly not seen a Chattisgarh village and I will take him there. Sir, India is a poor country and the Chattisgarh tract, from where I come, is the poorest. That Chattisgarh in the good old days, in the early eighties, was one of the most prosperous tracts in the whole of India. There was a report, written by one Colonel Agnew, in the year 1820, I could not find that report in the Library. But I remember that report says that it was a land of plenty, famine was unknown, theft was unknown; and the report was not by an Indian but by an Englishman. That was the condition of Chattisgarh at that time. Then, I have a report in my hand which is of a much later date, that is, 1869, by Mr. Hewet. This is a settlement report, and, in that report also, we find that the condition of the peasantry there was one of plenty. Sir, I will not read long extracts from it because as I am tired, everybody else must be tired and probably the President is the most tired. (Laughter.) The state of the peasants there is given in paragraphs 224, 225 and 226 on pages 86 and 87. The peasantry was a robust peasantry without debts, and I will only read this:

"At present, so far as can be ascertained, about one-third of the raiyats borrow seed grain but must pay from year to year and there are few or none who have old accounts pending."

I now ask this Government, "Can you say the same thing of any tract in India, much less of Chattisgarh?" The peasantry is steeped in indebtedness and are living from hand to mouth. When I was in the Central Provinces Council the question was raised and I got a census of about 50 villages made from house to house and their indebtedness was inquired into by me: and the average indebtedness of a tenant came to about Rs. 100. This is the present state of affairs and that was the state of affairs in 1869. And, within this short period, what do we find? Out of 100 tenants, 95 are indebted. What to say of the *malgusar*? Who is responsible for all this? If this Government is responsible for all this, as it certainly is, nobody can say no and everybody must nod assent—what right has this Government to exist? It has not got the will of the people; it has not got the interest of the people at heart. What is the result? The result is that there is indebtedness. If you go to a Chattisgarh village, out of every ten villages you will not find a single well for drinking water in eight of them; and in nine of them you will not find any drinking water in summer. It is very easy to talk here: it does not make any impression here on us because every one, who hears it, forgets it. But live in Chattisgarh summer for two hours without water and then see. You will have to fetch water from three or four miles away and then dirty water at that. This is the condition today. What are you doing to alleviate the condition of the peasantry whose life-blood is being sucked? Are you going to do anything? Are you going to dig one well? There was a scheme of the Central Provinces Government about digging wells in the villages. The district councils were asked to provide a part of the funds, the local people were asked to provide a part and the Central Provinces Government was to give a third. We welcomed that scheme: we wanted to work for it: we were ready for it; but then the Central Provinces Government, owing to financial stringency, announced that that scheme had been abandoned. I now ask the question: after pure air, drinking water is the first necessity of

life, and if the people of India cannot get drinking water, what right has this Government to exist? I do not know the whole of India: I know only my tract of Chattisgarh—and I give an invitation to the Finance Member to go there in summer and see ten villages: if he finds that out of these ten villages, eight are without wells, then he will be convinced. Only last year there was the cholera havoc: and the Civil Surgeon and others went there in order to permanganate the place of water supply: and what did they find? There was no water in the wells: there was a pond which was all empty except for muddy water and they said: "What are we going to permanganate?" This is the condition in which we live. This is the pathetic condition in which our villagers live. I ask the Finance Member: "Please go to any village: I will take you there and show you their true condition".

There are other things like the condition of the cattle there. Chattisgarh cattle is the worst—hardly bigger than a dog. I do not think anybody who has seen the big cattle either in the Punjab or in Sind can have any idea of the cattle in Chattisgarh

An Honourable Member: What about the human beings there?

Mr. Ghansham Singh Gupta: They are like myself—but I am not a typical example: but like me they live. As I was saying nothing is being done in that tract for improving the condition of the cattle. I am talking of villages because the Honourable the Finance Member has said that we must go to the villages: I quite agree there: we should commence from the villages: let us then study the difficulties under which the villagers are suffering, and, I say the first and foremost thing for the villager to be done is to give pure water supply for drinking purposes.

An Honourable Member: That is provincial.

Mr. Ghansham Singh Gupta: But, then, a part of this money, if it is earmarked for wells in Chattisgarh, will not be provincial. Something must be done to help the agriculturist in cattle-breeding: very little is done now: I cannot say that nothing is done.

The next thing is about irrigation. This House will be surprised to hear that, after spending about three crores of rupees—I beg pardon, ten crores of rupees—in the Central Provinces the scheme is neither profitable to the Government nor to the people. Formerly the Mahanadi and the Tandula Canals used to be classed as productive irrigation works, but they found that nothing could be gained and they transferred it from productive schemes to unproductive schemes. The whole mistake is this: They did not study the conditions of Chattisgarh: they brought their ideas from the Punjab and the United Provinces and engrafted those ideas in Chattisgarh: They started big schemes: but they failed to see that we are not suffering from lack of water: we are suffering from lack of proper distribution . . .

Mr. M. S. Aney: Lack of brains in the officials!

Mr. Ghansham Singh Gupta: Yes: not in us: When I was a member of the Irrigation Committee, I brought this pointedly to their notice and told them they could not graft their ideas from the Punjab and the United

[Mr. Ghanshiam Singh Gupta.]

Provinces and transplant them in Chattisgarh because, the problem of Chattisgarh is not the problem of the Punjab and the United Provinces: in Chattisgarh we have somewhere between 45 to 50 inches of rainfall: our problem was not a problem of scarcity of water: it was a problem of distribution; and, for that purpose, small tank schemes would have been better and that was the old system. If you, therefore, want to study the village problem and really help the villagers, please try the small tank schemes, if not in those tracts where you have got big irrigation schemes, at least in those tracts of Chattisgarh where you have not got big schemes.

The next thing I would like to bring to the notice of the House is the consolidation of holdings. The consolidation of holdings is of course going on but it is going on very slowly. Therefore I say, please expedite it. I will conclude by saying one word as to why the people of Chattisgarh have been reduced from plenty to starvation. It is the land revenue policy of the British Government which is mainly responsible for it. I will read one paragraph from the land revenue policy of the Indian Government. The land revenue policy of the Indian Government is said to be this: "Greater elasticity in revenue collection facilitating its adjustment to the variations of the season and the circumstances of the people". I ask, are you following it?

The Honourable Sir Henry Craik: Yes.

Mr. Ghanshiam Singh Gupta: Have you given elasticity in the revenue collection facilitating its adjustment to the variations of the season and to the circumstances of the people? It was said the other day that the prices of paddy have been lowered by 55 per cent. I say they have been lowered by cent per cent, and what remission has been made in the land revenue in the rice tract? Variations of the season and the circumstances of the people—the circumstances of the people are such that the value of rice today is not half as much as what it was some years ago, and still there is no remission in the rice tract in the Central Provinces. Not only that, but they are enhancing the rent and revenue on the basis of the old rates. I again ask the Honourable the Home Member, is that following the policy

The Honourable Sir Henry Craik: No, I do not believe it.

Mr. Ghanshiam Singh Gupta: I have got the figures. These are the settlement reports of two districts

Mr. President (The Honourable Sir Abdur Rahim): Does the Honourable Member suggest that the Central Government is responsible for the land revenue policy at Chattisgarh?

Mr. Ghanshiam Singh Gupta: The Central Government was responsible before.

Mr. President (The Honourable Sir Abdur Rahim): We are discussing the present state of things under the Finance Bill.

The Honourable Sir Henry Craik: What book is the Honourable Member reading from?

Mr. Ghanshiam Singh Gupta: Land Revenue Policy of the Indian Government.

The Honourable Sir Henry Craik: Of what date?

Mr. Ghanshiam Singh Gupta: Lord Curzon's—1902.

The Honourable Sir Henry Craik: At that time, the Central Government was responsible, but now it is not.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Does not the Central Government adopt its policy under the Finance Bill having regard to all these circumstances?

Mr. Ghanshiam Singh Gupta: I am reminded here of a small story and after having narrated it I will sit down. There was a *sahukar* who was very stingy. But he did not like to be known as being stingy but wanted to be known as charitable. It was advertised that Mr. A was very philanthropic and that nobody who went to him came back without receiving some charity or some alms, and without having his desires satisfied. What did the *sahukar* do? He had four doors to his *haveli* and posted four *chaukidars* one at each door. Anybody who went near the *chaukidar* at the first door was told, "This is my door, you cannot be permitted to enter it to go to my chief". The *chaukidar* at the second door said, "You cannot go by this door to my chief. I won't allow you to go to my *sahukar* by this door". The same thing happened at the third and fourth doors, with the result that the poor fellow was turned out. And still the central *sahukar* was very charitable! That is exactly what is happening here. Am I to understand that the Provincial Governments are not paying heed to any instruction of the Central Government? It is something like the *sahukar* saying, "What am I to do? I am charitable, but my *chaukidars* do not allow you to come to my place". The Central Government says, "We are charitable, but the provinces, our *chaukidars*, do not allow you to come to us". I only ask this question. Cannot you compel Provincial Governments to adopt your policy with regard to what you have already said? There is one other matter, Sir

Mr. President (The Honourable Sir Abdur Rahim): The Chair hopes the Honourable Member will realise that the whole House is already tired.

Mr. Ghanshiam Singh Gupta: In that case, I conclude my speech, Sir.

STATEMENT OF BUSINESS.

The Honourable Sir Nripendra Sircar (Leader of the House): With your permission, Sir, I desire to make a statement as to the probable course of Government business in the week beginning Monday, the 18th.

[Sir Nripendra Sircar.]

Honourable Members are aware that in that week the House will sit on Thursday, the 21st, Friday, the 22nd, and Saturday, the 23rd. On Thursday, motions will be made for the election of members to the following :

- (1) Standing Finance Committee for the financial year 1935-36,
- (2) Court of the Delhi University, and
- (3) Indian Institute of Science, Bangalore.

Thereafter, certain Supplementary Demands for Grants under the Railway and General Finances will be presented. On the conclusion of this business, the discussion of the Indian Finance Bill will be resumed.

It is proposed to interpose the motion relating to the Parsi Marriage Bill which was on today's agenda in the name of Sir Cowasji Jehangir between the passing of the motion for the consideration of the Finance Bill and the consideration of the Bill— clause by clause.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 21st March, 1935.