

Saturday, 7th November, 1931

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

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(4th to 20th November, 1931)

SECOND SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931



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Legislative Assembly.

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Assistants of the Secretary :

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RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN NUR AHMAD KHAN, M.C., I.O.M.

Committee on Public Petitions :

MR. R. K. SHANMUKHAM CHETTY, M.L.A., *Chairman.*

MR. ARTHUR MOORE, M.L.A.

SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

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MIAN MUHAMMAD SHAH NAWAZ, C.I.E. M.L.A.

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LEGISLATIVE ASSEMBLY.

Saturday, 7th November, 1931.

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

QUESTIONS AND ANSWERS.

INCOME FROM THE PUSHKAR FAIR, AND EXPENDITURE OF THE "SHAMILAT" COMMITTEE.

1218. *Mr. Gaya Prasad Singh: (a) Will Government kindly state what is the average annual income of Pushkar Fair, in Ajmer (Rajputana); and how is the money spent? Will Government kindly lay on the table a copy of the latest account of income and expenditure of the *Shamilat* Committee, together with the auditor's note if any?

(b) Does the election to the *Shamilat* Committee take place regularly every year? If not, why not?

(c) Is it a fact that there are no public latrines or urinals in Pushkar; and yet people are being prosecuted for committing nuisance on public roads?

(d) Are Government aware that the temple of Barahje is in a very bad condition; and have Government considered the question of repairing the temple out of the funds in the hands of the *Shamilat* Committee?

(e) Has any dispensary been opened in Pushkar: if not, when is the work likely to be taken in hand?

Mr. E. B. Howell: With your permission, Sir, I will answer questions Nos. 1218 and 1219 together. The information is being collected and will be communicated to the Honourable Member in due course.

(When question No. 1220 was put, the Honourable Sir James Crerar, to whose Department this question related, was not present in his seat.)

Mr. President: I will ask the Honourable Member, Mr. Gaya Prasad Singh, to put the questions to be answered by Sir James Crerar at a later stage.

MUHAMMADAN OFFICIALS IN PUSHKAR.

1219. *Mr. Gaya Prasad Singh: Are Government aware that Pushkar in Ajmer is an important place of pilgrimage for the Hindus, with about 98 per cent. Hindu population? Is it a fact that almost all the police and other officials there are Muhammadans? If so, why?

†For answer to this question, see answer to question No. 1218.

†1220.

RECOMMENDATION OF THE RETRENCHMENT COMMITTEE RE BROADCASTING AND FOR THE WITHDRAWAL OF THE LEE CONCESSIONS.

1221. ***Mr. Gaya Prasad Singh:** (a) Has "Broadcasting" been ordered to be closed down as a result of the recommendation of the General Purposes Retrenchment Sub-Committee (*vide* Report, page 69)?

(b) Have the Sub-Committee's recommendation regarding the withdrawal of the "costly" Lee concessions been accepted, and given effect to? If not, why not?

(c) Are Government going to take necessary steps to bring about the withdrawal of the Lee concessions, especially in view of the remark that "there is a volume of Indian opinion which regards them as an unfair burden on Government revenues" (page 8 of the Report)?

(d) Were figures showing the cost to Government of the Lee concessions, asked for by the General Purposes Sub-Committee, supplied to them? If not, are Government prepared to supply the required figures now?

(e) What are the exact nature and extent of the considerable additions made to the list of concessionaires, since the Lee Commission's Report (page 8, para. 17 of the General Purposes Sub-Committee's Report)?

The Honourable Sir George Schuster: (a) I refer the Honourable Member to the summary of action proposed by Government on the Retrenchment Reports which has been furnished to all Members.

(b) and (c). I stated in my speech the decision of Government on these recommendations.

(d) An approximate estimate of the cost of the Lee concessions was supplied to the Sub-Committee on 21st August, 1931, and has proved substantially in accordance with figures recently received from Accounts officers.

(e) It is impossible to epitomise the additions to the list of entitled officers made subsequent to the publication of Government's first orders on the Commission's recommendations. The main category added included officers of equivalent status to the regular Civil Services in the State Railway Services. Another analogous addition was that of British Officers of the Indian Army.

The remaining additions were of miscellaneous posts held by officers of status equal to that of members of the regular Civil Services. Many concessions of this class were personal to named individuals, and their total number is small.

Mr. Gaya Prasad Singh: With regard to (d), may I know the total amount of expenditure involved in the Lee concessions? The figures were supplied to the members of the Retrenchment Committee later on. Will figures be supplied to this House?

The Honourable Sir George Schuster: I am going to answer a question, if it comes on, today which gives more details on that point.

RECOMMENDATIONS OF THE RETRENCHMENT COMMITTEE RE TAXATION OF PENSIONS AND LEAVE ALLOWANCES PAYABLE OUTSIDE INDIA, AND RENT OF GOVERNMENT BUILDINGS.

1222. ***Mr. Gaya Prasad Singh:** Has effect been given, or is it contemplated to give effect to the following recommendations contained in the Report of the General Purposes Sub-Committee:

- (a) "There is another source of revenue which has been neglected by the Government of India. Pensions and leave and deputation salaries and allowance payable outside India have been exempted by special notifications from taxes payable under the Indian Income-tax Act. For such exemption we can find no justification whatever. We have recommended that the exemption be withdrawn, and taxes on these incomes and salaries be deducted at the source according to law. We estimate that a sum of about 50 lakhs will then be added to the revenues of the Central Government" (page 9, para. 18); and
- (b) As regards Fundamental Rule 45-A-II, relating to rents of Government buildings occupied by officers, "We recommend that all residential buildings should be assessed on the capital cost of the building *plus* the cost of the site and the grounds, and the officers occupying them should be charged rent on that basis" (page 9, para. 20)?

The Honourable Sir George Schuster: No. I have dealt fully with these matters in my speech in moving for consideration of the Finance Bill, when I mentioned:—

- (1) that we have no legal power to levy Indian income-tax on sterling pensions, even if it were considered desirable to do so;
- (2) that while Government do not bind themselves in perpetuity to accept the principle that leave salaries paid abroad should be exempt from Indian income-tax, they have decided that the present is not a suitable time to remove this long-standing exemption, when the sacrifices which it is considered necessary to impose on Government servants are being effected in other ways; and
- (3) that for a similar reason they do not propose to modify the arrangements for calculating rent introduced as a result of the Report of the Lee Commission.

Mr. Gaya Prasad Singh: Sir, do Government propose to take necessary steps to secure the imposition of income-tax on persons outside India?

The Honourable Sir George Schuster: Does my Honourable friend's question refer to pensions?

Mr. Gaya Prasad Singh: Yes, with reference to pensions.

The Honourable Sir George Schuster: I think I explained the position very fully in the speech which I made in moving for consideration of the Finance Bill. At present we have no legal power to levy Indian income-tax on sterling pensions, quite apart from the merits of the case. The Government of India cannot confer upon themselves power which would be effective for the purpose of levying a deduction of Indian income-tax on payments which are duly made to persons resident outside India. That would involve the Government of India taking upon itself jurisdiction to affect residents in other countries. They would have no means of giving effect to that power.

Sir Hari Singh Gour: What power have you to examine the accounts of foreign residents in India whose headquarters may be at Tokyo or Athens if you were to levy income-tax upon foreign residents in this country?

The Honourable Sir George Schuster: I did not hear the whole of my Honourable friend's question, but I heard enough to make me feel entitled to draw the conclusion that it was a hypothetical question.

Mr. Lalchand Navalrai: Will the Honourable Member then take steps to ask the authorities of the United Kingdom and elsewhere to exercise their jurisdiction or to help you in getting the income-tax from them?

The Honourable Sir George Schuster: No, Sir. I am prepared to give no assurance of that kind. I have dealt with the legal position, but I did not in my answer deal with what we consider the merits of the case, and on the merits of the case we do not consider that such action would be justified as regards pensioners.

Mr. Lalchand Navalrai: We were told that this Government are striving to ask the Secretary of State and even Parliament with regard to the retrenchment of higher officers. Is it then impossible to ask for this too?

The Honourable Sir George Schuster: My Honourable friend is raising a question and making a suggestion that the Government should effect a deduction of pensions which have been earned on a definite basis and which the Government are under a legal liability to pay. I have informed my Honourable friend that the Government are not prepared to take action of that kind.

Mr. Lalchand Navalrai: I do not exactly understand the reasons for their not doing so.

USE OF FORCED LABOUR IN AJMER DISTRICT AND FOR THE PUSHKAR FAIR.

1220. ***Mr. Gaya Prasad Singh:** Is it a fact that *begar* or forced and compulsory labour is exacted in Ajmer District; and also during the Pushkar Fair every year? What steps do Government propose to take to abolish the system, as recommended in the Draft Convention of the 14th Session of the International Labour Convention at Geneva, and in view of the statement made by the Honourable the Home Member in this House in the last Simla Session, when a Resolution on that subject was passed?

The Honourable Sir James Orerar: I regret, Mr. President, that I was detained by urgent business elsewhere and was not in my place when this question was first called.

Government have no information regarding the alleged exaction of forced labour in Ajmer. In pursuance of the Resolution passed by this House on 3rd October last, they have requested Local Governments and Administrations to take necessary action, both by the amendment where required of provincial legislation, and by the issue of suitable executive instructions. The Government of India are considering whether any Acts of the Indian Legislature require amendment.

RECOMMENDATIONS OF RETRENCHMENT SUB-COMMITTEES ACCEPTED BY GOVERNMENT.

1223. *Mr. Gaya Prasad Singh: Will Government kindly state what specific recommendations of the General Purposes Retrenchment Sub-Committee have been, or are going to be given effect to by Government, and what is the likely amount of savings under each head; and why other recommendations, if any, are not going to be given effect to?

The Honourable Sir George Schuster: With your permission, Sir, I propose to reply to questions Nos. 1223, 1224 and 1225 together.

The information asked for by the Honourable Member is contained in the statements which were circulated to all Members of this House on the 4th instant.

RECOMMENDATIONS OF RETRENCHMENT SUB-COMMITTEES ACCEPTED BY GOVERNMENT.

†**1224. *Mr. Gaya Prasad Singh:** Will Government kindly state what specific recommendations of the Stores, Printing and Stationery Retrenchment Sub-Committee's Report have been accepted by Government, and what are the likely savings under each head; and why other recommendations, if any, have not been accepted?

RECOMMENDATIONS OF RETRENCHMENT SUB-COMMITTEES ACCEPTED BY GOVERNMENT.

†**1225. *Mr. Gaya Prasad Singh:** Will Government kindly state what specific recommendations of the Public Works, Accounts, and Audit Department's Sub-Committees have been accepted by Government, and what are the likely savings under each head; and why other recommendations, if any, have not been accepted?

PAY OF SOLDIERS OF THE BRITISH ARMY.

1226. *Lala Hari Raj Swarup: (a) Is it a fact that such soldiers of the British Army, as were appointed before 1925, will henceforth get the same pay as those appointed after 1925?

(b) What is the scale of pay of soldiers appointed before 1925, and those after 1925?

(c) What is the number of such soldiers as were appointed before 1925 in the British Army in India?

(d) What annual total amount of saving is expected from this measure of retrenchment?

Mr. G. M. Young: (a) No, Sir. The pay of British soldiers who enlisted before the 26th October, 1925, will be reduced by ten per cent., but not below the rates applicable to soldiers who enlisted on or after that

†For answer to this question, see answer to question No. 1223.

date. In most cases the ten per cent. reduction will be less than that which would have been entailed if the soldiers affected had been brought on to the new rates.

(b) Before the 26th October, 1925, private soldiers on enlistment received 2 shillings and 9 pence a day; since that date the rate has been two shillings a day. Details of the rates of pay of soldiers of various ranks will be found in paragraph 43 of Pay and Allowances Regulations, Part I. Soldiers who re-enlist extend their service or re-engage will receive pay at the rates introduced on the date mentioned.

(c) On the 1st May, 1931, the number was 23,185.

(d) Approximately Rs. 17 lakhs a year.

Lala Hari Raj Swarup: What is the pay of the soldiers appointed after 1925?

Mr. G. M. Young: I have given that, Sir—two shillings a day.

REDUCTION OF RAILWAY FREIGHT ON AGRICULTURAL PRODUCTS.

1227. ***Lala Hari Raj Swarup:** (a) With reference to the following remarks of the Honourable the Finance Member in his statement on the financial position on the 29th of September, 1931, under the head "Railways", viz., "It is, in our opinion, essential that if they have any margin, it should be made available for reduction in freights on agricultural products", will Government be pleased to state what reductions in freight and on what agricultural commodities have Government allowed during the current year, and if any concessions have been allowed after the statement was made?

(b) What are the total sums of money involved in such concessions?

(c) How much of the loss, incurred in such concessions, was recovered from the Provincial Governments?

Mr. A. A. L. Parsons: (a) I am placing on the table a statement showing the reductions in freights on agricultural commodities which Railways made during the current year with either the approval or the knowledge of the Government of India.

(b) The information is not readily available and its compilation would involve a considerable amount of labour.

(c) The Honourable Member has presumably in mind the arrangement under which the Punjab Government agreed to bear the full amount of the rebate of one-third of the railway freight on consignments of wheat despatched from the Punjab to Calcutta from the 1st February to the 31st March 1931, *vide* item 3 of the statement placed on the table in reply to part (a) of his question. The amount of the rebate paid approximated to Rs. 1,33,000.

SAVINGS UNDER THE MILITARY BUDGET.

1228. ***Lala Hari Raj Swarup:** (a) With reference to the proposed saving of 4½ crores next year (including the re-equipment charges of 1·75 crores) under the Military Budget, will Government be pleased to give a detailed statement as to how this figure is composed?

(b) How much of this is due to savings on rations and clothing?

Mr. G. M. Young: (a) A statement showing generally how it is proposed to effect the savings has been supplied to Honourable Members. Many of the details of this statement are however tentative: and although Government have definitely decided to effect savings to the total amount stated, it is probable that some changes will be made under individual heads.

(b) No reduction of rations is at present contemplated. As regards clothing, it is hoped to effect about the same annual saving as is recommended by the Retrenchment Committee, namely, 23 lakhs, though this may not be obtained in exactly the same way as suggested by the Committee.

SCALE OF CUTS IN SALARIES AND PENSIONS IN ENGLAND.

1229. ***Lala Hari Raj Swarup:** (a) Will Government be pleased to state what exact scale of cut in the salaries of the civil and military services has been adopted by the British Government in England?

(b) Is it a fact that the British Government have effected a cut in the pensions of military services in the course of last year and the present year, if so, what is the percentage of such cut? Has a similar cut been effected in the pensions of the Civil Service?

The Honourable Sir George Schuster: (a) It is extremely difficult to answer this question concisely without creating a misleading impression; first because the British provisions are very complicated and hard to understand for one not familiar with the details, and secondly because the main reduction in the case of British officials has been effected by cuts in the variable cost of living bonus. Accurate statistics as to the cost of living are kept. The following briefly is the position.

Civil Service.—No reduction of basic salary is made where bonus reductions operate, bonus being payable on practically all salaries below £1,800. Bonus was reduced by 10 points from 1st March, 1931, and by a further 5 points from 1st September, 1931. It is now provided that the amount of bonus must in any case not be more than would bring the remuneration up to £1,800. There are a limited number of civil servants on inclusive or non-bonus rates and in their case cuts as from 1st October 1931 are as follows. On less than £200 cut is equivalent to reduction in total emoluments where bonus is payable as a result of drop in bonus figures from 55 to 50. On £200 and over but under £500 cut is of 5 per cent.; on £500 and over but under £1,000 cut is 7½ per cent., and on £1,000 and over, 10 per cent.

Defence Services.—The reduction from the 1st October, 1931, is based on the average of index figures published for the six months ending August 1931, which means roughly an 11 per cent. deduction.

(b) Pensions as well as pay paid since 1st July, 1919, have a variable element according to cost of living, for there is a rule in the Home Regulations that the rates of officers' retired pay, etc., introduced from 1st July, 1919 or from a subsequent date are subject to revision upwards or downwards to an extent not exceeding 20 per cent., in relation to the variation in the cost of living since 1st July, 1919. Pensions of military officers dropped by 7 per cent. with effect from the 1st July, 1930. This deduction was increased to 8 per cent. from 1st July, 1931, and was further increased to 11 per cent. from the 1st October, 1931. As regards the last sentence of this part of the question, I have no information.

SAVINGS FROM RETRENCHMENT AND COST OF PENSIONS AND COMPENSATION TO OFFICIALS RETRENCHED.

1230. ***Lala Hari Raj Swarup:** (a) Will Government be pleased to state what action they have so far taken on the proposals of retrenchment made by the General Purposes Sub-Committee under the various heads in their Interim Report?

(b) Is it a fact that the total saving contemplated by the General Purposes Sub-Committee in their Interim Report is 1·20 crores out of which Government expect to incur 20 lakhs for compensation and pensions in respect of officials whose posts are abolished?

(c) Is it not a fact that the General Purposes Sub-Committee do not contemplate such a big sum to be payable by way of compensation and pensions?

(d) Will Government be pleased to state how much of this sum is payable in regard to (i) pensions and (ii) compensation? Will they further be pleased to give the detail of the sum involved in compensation?

. **The Honourable Sir George Schuster:** (a) A statement showing the action taken or proposed by Government on the various recommendations has been furnished to Honourable Members.

(b), (c) and (d). The total net saving contemplated by the General Purposes Sub-Committee in their Interim Report is 120·24 lakhs. The General Purposes Sub-Committee have not given any estimate of the cost of compensations, etc. The method of calculation of allowance for compensation, leave allowances and pensions of retrenched personnel has been stated by Government in the General Summary of the position as regards retrenchment. It is impossible to estimate accurately the cost of pensions, compensations, etc., until it is known what actual individuals are selected for retrenchment.

FUTURE STRENGTH OF THE BRITISH ARMY IN INDIA.

1231. ***Lala Hari Raj Swarup:** (a) When do Government expect the Committee on Imperial Defence to complete their examination of the question of the future strength of the British Army in India?

(b) In view of the present financial stringency, do Government propose to press upon the Committee to conclude their examination soon?

Mr. G. M. Young: (a) The matter is still under expert examination. Government are not in a position to say when a conclusion will be reached.

(b) Government are fully alive to the desirability of reaching an early decision.

REVENUE EXPECTED FROM ADDITIONAL DUTY ON SUGAR.

1232. ***Lala Hari Raj Swarup:** How much additional revenue do Government expect to get from the new surcharge duty on sugar?

The Honourable Sir George Schuster: The Government of India hope to get 81 lakhs more in the current year, and 162 lakhs more in 1932-33, than they would have got had the surcharge not been imposed.

COST OF THE LEE CONCESSIONS IN THE CENTRAL GOVERNMENT AND THE PROVINCES.

1233. ***Lala Hari Raj Swarup:** Are Government in a position to supply to the Assembly the figures of sums involved in the Lee concessions in:

(a) the Central Government, and

(b) the Provinces?

The Honourable Sir George Schuster: The total amount of money paid in 1930-31 as a result of the Lee Commission's recommendations amounts to about Rs. one crore for the civil services throughout India, Rs. 25 lakhs for officers on State Railways and Rs. 24 lakhs for the passages of officers of the Indian Army. Of the crore of civil expenditure, about Rs. 25 lakhs are debitable to Central and about Rs. 75 lakhs to Provincial estimates. The main items are—

- (1) Pay and remittance concessions, estimated as not exceeding Rs. 60 lakhs for the civil services and Rs. 18 lakhs on State Railways. Of the 60 lakhs of civil expenditure, under 20 are debitable to central estimates and the balance to Provincial. It is impossible to compile figures giving the exact extra cost of the pay and remittance concessions because of the fact that most officers eligible for sterling overseas pay granted in 1924 would otherwise have been eligible for the rupee overseas pay introduced for all the regular services in 1919-20.
- (2) Passage concessions cost for the civil services about Rs. 22 lakhs in 1930-31 (about 16 Provincial and 6 Central), on the State Railways Rs. 8½ lakhs and in the Indian Army Rs. 24 lakhs. These figures are dropping appreciably every year and will continue to do so with further Indianisation.

- (3) *Pensionary concessions*.—The raising of the maximum pension for the uncovenanted services by Rs. 1,000 annually is now estimated to cost Rs. 9 lakhs, of which about 3 would be debitable to Central and 6 to Provincial estimates.
- (4) The cost of exclusion of site value from the assessed rent of Government residences and of certain medical facilities granted to officers of non-Asiatic domicile is incapable of accurate assessment but cannot be very large. This and rent concession has now been extended to all officers of the Central Government, and the total cost for all officers may be estimated at about 5 or 6 lakhs.

The total cost of the Lee concessions therefore does not exceed Rs. 1½ crores annually, of which approximately half is debitable to Provincial revenues.

CLAIMS OF INDIANS FOR PAYMENT OF RUSSIAN ROUBLE NOTES.

1234. ***Mr. Jagan Nath Aggarwal**: (a) Will Government please state whether the claims of those Indians who hold Russian *rouble* notes have been entertained by the Russian Claims Department, Board of Trade, London, or not?

(b) If the answer to part (a) be in the negative, will Government kindly state the reason therefor?

(c) If the answer to part (a) be in the affirmative, will Government be pleased to state the stage in which these proceedings are and when the claims are likely to be met?

Mr. E. B. Howell: With your permission, Sir, I propose to deal with all the heads of the Honourable Member's question at once. In accordance with the prescribed procedure, claims preferred by Indian holders of Russian rouble notes have been registered in India with a view to their submission to the Anglo-Soviet Debts and Claims Committee now sitting in London. That Committee is still in session, and it is not possible to express any opinion whether, and, if so when, a settlement is likely to be reached as a result of the negotiations.

SYSTEM OF PENSIONS FOR GOVERNMENT SERVANTS.

1235. ***Mr. Lalchand Navalrai**: (a) Are Government aware of a Resolution moved by the Honourable Mr. Veda Murti and accepted by the Council of State on the 18th February, 1924, regarding a change in the existing system of pensions for all gazetted and non-gazetted servants and for providing gratuities to their families?

(b) Is it a fact that in February, 1931, the Honourable Mr. Khaparde moved a Resolution for effect being given to the aforesaid Resolution of the Honourable Mr. Veda Murti, and pointed out that a delay of seven years had occurred in not carrying out the promise of Government of an inquiry and action into the aforesaid matter?

(c) Is it a fact that the Honourable Mr. Khaparde withdrew the Resolution on an assurance having been given to the Council of State by Sir Arthur McWatters that Government would arrive at a decision within a year?

(d) Will Government be pleased to make a full statement now as to what progress has been made in the matter and what decision, if any, Government have arrived at?

The Honourable Sir George Schuster: (a), (b) and (c). Yes.

(d) I would refer the Honourable Member to the reply given on the 21st September, 1931, to part (a) of question No. 600 put by Sardar G. N. Mujumdar on behalf of Mr. S. G. Jog.

Mr. Lalchand Navalrai: Will Government be pleased to say if this question was in any way considered or submitted to any of the Retrenchment Committees and if they have given any opinion on this?

The Honourable Sir George Schuster: As far as I know, none of the Retrenchment Committees has yet considered that particular question.

**ABOLITION OF THE APPOINTMENT OF DIRECTOR OF POSTS AND TELEGRAPHS,
SIND AND BALUCHISTAN.**

1236. **Mr. Lalchand Navalrai:** (a) Will Government be pleased to state if, in view of insufficient work or for other reasons, it was in contemplation to do away with the office of the Director of Posts and Telegraphs, Sind and Baluchistan, and to revert to the old system of placing the division under the charge of the Director of Post Offices, Bombay?

(b) Is it a fact that, in order to make retrenchment, the Retrenchment Committee had before it the question of abolishing the Office of the Director of Posts and Telegraphs, Sind and Baluchistan?

(c) If so, what conclusion did the aforesaid Committee arrive at?

(d) If the answer to part (b) be in the negative, do Government propose to make an inquiry as to the necessity or otherwise of retaining the Office of the Director of Posts and Telegraphs, Sind and Baluchistan, and ascertain whether it is not a feasible item of retrenchment? If not, what are the reasons for it?

The Honourable Sir Joseph Bhoré: (a) The abolition of the office was considered before, but was regarded as undesirable on administrative grounds.

(b) and (c). The abolition of the office has not been recommended in the Report of the Posts and Telegraphs Retrenchment Sub-Committee.

(d) In view of the previous enquiry which led to a decision to retain the post, Government do not propose to undertake another enquiry.

Mr. Lalchand Navalrai: Will the Honourable Member be pleased to say if it has been considered from the financial point of view in these Retrenchment Committees?

The Honourable Sir Joseph Bhoré: I take it that every one of these proposals was considered from that point of view by the Retrenchment Committee.

Mr. Lalchand Navalrai: Has it been considered by the Retrenchment Committee on post offices?

The Honourable Sir Joseph Bhoré: Certainly, Sir.

PLATFORM FOR PRAYERS FOR MUSLIMS PROVIDED AT THE KARACHI GENERAL POST OFFICE.

1237. ***Mr. Lalchand Navalrai:** (a) Will Government be pleased to state, with reference to the answer given by Mr. Shillidy to unstarred question No. 55 asked by Mr. S. C. Shahani on the 26th January, 1931, what justification was there to incur expense by way of compensation for building a new platform when the original one was clearly an encroachment and should have been removed by Government?

(b) Did the Director General of Post Offices approve of or contest the action of the Director of Sind and Baluchistan in sanctioning further expense for building a roof on it instead of getting the encroachment removed?

(c) If the answer to part (b) be in the affirmative, what justification was there for such a condonation?

(d) If not, do Government propose to make the Director of Sind and Baluchistan personally liable for the amount so spent and to get the encroachment removed?

(e) Will Government be pleased to state what information was communicated to Mr. S. C. Shahani in reply to part (b) of his question mentioned above?

(f) Are Government aware that encroachments such as the one in question are getting common in India? Do Government propose to issue orders to the Local Governments to be vigilant in not allowing such encroachments being made and in getting them removed at once?

The Honourable Sir Joseph Bhoré: (a) Government have no information that the platform was an encroachment and, as already explained, when the old platform was demolished, a new platform was built by way of compensation.

(b) and (c). The Director sanctioned this expenditure under his own powers and there was no need for him to refer the case to the Director General of Post Offices.

(d) Does not arise.

(e) In reply to part (b) of his question, Mr. Shahani was informed that there were no such orders of the Government of India. Under the orders of the Government of Bombay the construction of mosques, temples and tombs within the compounds of Government buildings is not

permitted without the sanction of that Government, but those orders were not applicable to the case of buildings belonging to the Central Government.

(f) The Government of India have no reason to believe that Local Governments are not vigilant in not allowing improper encroachments and see no necessity for issuing such orders as have been suggested.

Mr. Lalchand Navalrai: Does the Honourable Member think that when a certain piece of land has been misappropriated or encroached upon, it is the duty of the Government to pay compensation for it?

The Honourable Sir Joseph Bhore: I have already explained to the Honourable Member, in replying to part (a) of this question, that we have no information that an encroachment was made in this particular case.

Mr. Lalchand Navalrai: Is it not necessary therefore to give the proper answer saying that inquiries will be made to see if the encroachment was made?

May I take it there is no answer?

The Honourable Sir Joseph Bhore: I think a question like that hardly calls for an answer.

Mr. Lalchand Navalrai: I think that it is unanswerable, as my friend says.

TRANSFER OF THE ASSISTANT COMMISSIONER OF INCOME-TAX, SIND.

1238. ***Mr. Lalchand Navalrai:** (a) Will Government be pleased to state if there is any rule or practice fixing any period during which the Commissioners, Assistant Commissioners and Income-tax Officers of the Income-tax Department can remain at one place before they are transferred to another?

(b) Is it a fact that it is a recognised rule of practice not to locate an officer for an inordinately long period at one place?

(c) Will Government be pleased to state if there have been any representations that, in view of the Assistant Commissioner of the Income-tax in Sind having remained there for a long time, he should be given a change?

The Honourable Sir George Schuster: (a) No.

(b) No.

(c) Neither the Government of India nor the Central Board of Revenue have received any such representations.

INCOME-TAX APPEALS IN SIND.

1239. ***Mr. Lalchand Navalrai:** (a) Will Government be pleased to state how many income-tax appeals were presented to the Assistant Commissioner of Income-tax in Sind and what was their result during the years 1929-30, 1930-31 and 1931-32?

(b) In how many of these appeals did the Assistant Commissioner of Income-tax in Sind call for the reports from the Income-tax Officers while considering the appeals and in how many cases were the contents of those reports made available to the appellants concerned?

The Honourable Sir George Schuster: With your permission, Sir, I will answer questions 1239, 1240 and 1241 together. The information is being obtained and will be communicated to the Honourable Member in due course.

INCOME-TAX APPEALS IN SIND.

†1240. ***Mr. Lalchand Navalrai:** (a) Will Government be pleased to place on the table a statement showing the number of cases sent for by the Commissioner of Income-tax, Bombay Presidency, from each of the Income-tax Officers in Sind during the assessment years 1929-30, 1930-31 and 1931-32:

(i) of his own motion, and

(ii) in consequence of petitions for revision?

(b) (i) In how many of these cases under each head were assessments reduced or cancelled?

(ii) In how many cases were assessments enhanced?

(iii) In how many cases were orders issued for action under section 34 of the Act?

INCOME-TAX APPEALS IN SIND.

†1241. ***Mr. Lalchand Navalrai:** (a) Will Government be pleased to state the number of cases inspected by the Assistant Commissioner of Income-tax, Sind, in each charge of the Income-tax Officers during the assessment years 1929-30, 1930-31 and 1931-32?

(b) In how many of these cases were orders issued for action under section 34 of the Act?

ORDERS FOR NON-REFUND OF INCOME-TAX IN CERTAIN CASES.

1242. ***Mr. Lalchand Navalrai:** Is it a fact that instructions have been issued by the Central Board of Revenue to the effect that in cases in which action has been taken by the Income-tax Officers under section 34 of the Act and as the result thereof taxable income less than that previously assessed is discovered the proceedings should be recorded and no orders for refund passed? If so, how do Government justify such orders?

The Honourable Sir George Schuster: The Central Board of Revenue has pointed out to Commissioners of Income-tax that section 34 of the Indian Income-tax Act does not confer upon Income-tax Officers power to reopen an assessment and make an entirely new assessment, but merely empowers them to assess or reassess income that has escaped assessment or been assessed at too low a rate. This interpretation of section 34 appears to be correct.

†For answer to this question, see answer to question No. 1239.

CONDITIONS FOR REOPENING OF INCOME-TAX ASSESSMENTS IN SIND.

1243. *Mr. Lalchand Navalrai: (a) Is it a fact that in a number of cases in the various districts of Sind the Income-tax Officers have made it a condition precedent to the reopening of assessments under section 27 of the Act that the tax be paid in the first instance?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state under what rule is such a practice allowed?

The Honourable Sir George Schuster: (a) and (b). The Government of India presume that the Income-tax Officers in Sind and elsewhere are acting in accordance with the law, which gives them no discretion to postpone the recovery of assessed tax when an application has been presented under section 27 of the Indian Income-tax Act similar to the discretion which section 45 of that Act gives them to postpone recovery when an assessee has presented an appeal.

APPOINTMENT OF AN INCOME-TAX INSPECTING OFFICER IN THE BOMBAY PRESIDENCY.

1244. *Mr. Lalchand Navalrai: (a) Will Government be pleased to state if it is a fact that an appointment of an Inspecting Officer was created with effect from 1st April, 1926, in order to inspect the records of Income-tax Offices in the Bombay Presidency?

(b) If so, will Government be pleased to lay on the table a statement showing for each of the years from 1926-27 to 1930-31 the number of cases inspected by this officer in each of the income-tax charges in Sind?

The Honourable Sir George Schuster: (a) Yes.

(b) I lay on the table a statement giving the figures required for 1926-27 and 1927-28. Since 1927-28 this officer has been fully employed elsewhere than in Sind. He was appointed to assist the Assistant Commissioners in their inspection work, not to relieve them of it. It was also intended that he should specially scrutinise refund work which is comparatively unimportant in Sind.

Statement showing the number of cases inspected by the Inspecting Officer.

1926-27.		1927-28.	
Circle.	No. of cases inspected.	Circle.	No. of cases inspected.
Shikarpur	389	A—Division, Karachi .	468
Sukkur	500	B—Division, Karachi .	463
Hyderabad	506	Hyderabad	318
<hr/>		<hr/>	
Total	1,395	Total	1,249
<hr/>		<hr/>	

EARTHQUAKE SHOCKS IN BRITISH BALUCHISTAN.

1245. ***Mr. Lalchand Navalrai:** (a) Will Government be pleased to state since when, during this year, earthquake shocks began to take place in British Baluchistan?

(b) At what places and on which dates did they occur?

(c) What casualties of life and property took place in each of these places?

(d) What steps did Government take to avert the happenings of such casualties?

(e) Have Government found out the causes of these incessant earthquake shocks?

(f) Was any expert consulted; if so, what was his opinion?

(g) Will Government be pleased to place his opinion on the table?

***Mr. F. B. Howell:** (a) and (b). The Honourable Member is referred to the communiqué issued by the Honourable the Agent to the Governor General in Baluchistan, dated the 29th August, 1931.

(c) In all 104 deaths have been reported in Kalat State territory and 7 deaths in British Baluchistan. The Central Jail, railway buildings, and other Government property at Mach were seriously damaged. At Quetta and Ziarat a considerable number of Government buildings were slightly damaged. In the Bolan Pass neighbourhood numerous Government buildings and also the railway and the road were seriously damaged. Mach and Shahrigh bazaars were destroyed. In Quetta itself and in a number of villages in the Kalat State considerable damage was caused to private houses.

(d) After the first shock the public was warned to sleep outside and were given all possible facilities for doing so. Medical attention was provided where necessary and arrangements for water and sanitation were made with the least possible delay.

(e), (f) and (g). An expert from Calcutta was called in immediately to investigate the nature and cause of the shocks. His report has not so far been received. The Director General of Observatories also reported regularly to the Baluchistan Administration by telegram information regarding the centre of the disturbance and the probability of further shocks.

Mr. Lalchand Navalrai: May I know from the Honourable Member where the communiqué referred to is?

Mr. E. B. Howell: It was published in the Press.

Mr. H. P. Mody: Is there no Ordinance under which Government can take action against earthquakes? (Laughter.)

Mr. Amar Nath Dutt: Are Government aware that there is a popular belief throughout the country amongst the Hindus that these earthquakes are caused by the sins of the Government? (Laughter.)

Mr. Lalchand Navalrai: Will the Honourable Member expedite the report of the experts that the country may know more about the matter?

EXPORT OF GOLD FROM INDIA.

1246. ***Mr. S. C. Mitra** (on behalf of Maulvi Sayyid Murtuza Saheb Bahadur): (a) Is it a fact that the flight of gold to foreign countries continued with greater vigour during the month of October, 1931, than during the previous six months?

(b) What was the average shipment to America and Europe during the first two weeks of October and what was the average during the previous six months?

(c) Is it a fact that the import of gold into India had considerably diminished and that export steadily increased during the last few months?

(d) Is it a fact that a great deal of this distressed gold from up-country amounting to about twelve crores had already been sold in the market and large amounts are still expected to be disposed of?

(e) Is it a fact that a great deal of this gold had already been shipped abroad with a view to taking advantage of the higher value prevailing there?

(f) Do Government propose to put a stop to the depletion of the gold stocks of the country by legislation?

(g) If not, what other prompt and effective means do Government intend resorting to for checking exports of gold?

(h) Are Government prepared to undertake buying gold at a rate as nearly as possible approaching what prevails in the international markets?

The Honourable Sir George Schuster: (a) Yes.

(b) The total exports from India during the first two weeks of October, 1931, amounted to Rs. 356 lakhs as against Rs. 165 lakhs during the first six months of the year.

(c) Yes.

(d) The Government of India have no information as to the actual amount of gold from up-country which has been sold in the market or as to the amount which may be sold in the future.

(e) The Government of India presume that export of gold would not have occurred if it had not been a profitable business transaction.

(f), (g) and (h). The Government of India do not consider that there would be any justification at present to interfere in any way with the export of gold on private account or to purchase gold except at the statutory buying rate.

Mr. B. Das: May I inquire if the export of gold abroad does not help the Honourable the Finance Member to ease the exchange situation?

The Honourable Sir George Schuster: My Honourable friend is perfectly correct. Any form of export strengthens the rupee exchange position.

Mr. B. Das: Has the Honourable Member considered the advantage of issuing currency-notes for buying this gold in order to create a Reserve Bank which he has in contemplation?

The Honourable Sir George Schuster: I have stated the view of the Government in my summary reply to parts (f), (g) and (h) of the question. The Government at present are under no obligation to purchase gold except at a certain statutory buying rate; that statutory buying rate is quite out of touch with the present market price: the statutory buying rate is just over Rs. 21 per tola, and the market price is over Rs. 25 per tola. If Government were to buy gold now at the price of the day, it would be an entirely speculative transaction, which no currency authority in the world would at present undertake.

NON-RESERVATION OF A RAILWAY BERTH AT PATNA JUNCTION STATION.

1247. ***Mr. B. N. Misra** (on behalf of Mr. Badri Lal Rastogi): (a) Has the attention of Government been drawn to a letter published in the *Indian Nation*, Patna, on the 17th October, 1931, regarding the non-reservation of a berth from Patna Junction Station by the 12-Down Express train in spite of payment of the reservation fee and the fare from Dinapore to Patna Junction by a Professor of the B. N. College?

(b) Is it a fact that the Station Master of Patna Junction refused to reserve a berth saying that the Station Master of Dinapore had got a right to do so as the train starts from Dinapore?

(c) Is it a fact that the Station Master of Dinapore, when approached by the gentleman for the reservation of a berth, refused to do so, saying that the Station Master of Patna Junction would reserve the berth?

(d) Do Government propose to put a stop to this grievance of the public by issuing instructions to all the Station Masters of all important stations at least to reserve berths for 1st and 2nd class passengers without harassing them in the manner indicated?

Mr. A. A. L. Parsons: (a) No.

(b) and (c). Government have no information.

(d) I am bringing the Honourable Member's question to the notice of the Agent, East Indian Railway, for such action as he may consider necessary.

RESERVATION OF RAILWAY BERTHS AT INTERMEDIATE STATIONS.

1248. ***Mr. B. N. Misra** (on behalf of Mr. Badri Lal Rastogi): (a) Is it a fact that berths for 1st and 2nd class passengers are not being reserved by the Station Masters at intermediate stations?

(b) If the answer to part (a) is in the negative, do Government propose to direct the railway authorities to reserve berths for 1st and 2nd class passengers at intermediate stations on sufficient notice being given and when they have to perform a long journey?

Mr. A. A. L. Parsons: I would refer the Honourable Member to the reply I gave him on the 18th March, 1931, to his question No. 1015.

EXPENSES OF DELEGATES TO THE ROUND TABLE CONFERENCE.

1249. ***Mr. B. N. Misra** (on behalf of Mr. Badri Lal Rastogi): (a) Is it a fact that most of the delegates to the Round Table Conference have gone there at their own expense?

(b) If the answer to part (a) is in the affirmative, will Government please state the names of those delegates?

The Honourable Sir George Rainy: As I explained in answer to Rai Bahadur Sukhraj Rai's question on the 23rd September last, British India delegates proceeding from India to the Round Table Conference were supplied with passage certificates entitling them to first class passages at Government expense. At that time we had no information as to what delegates had made use of the certificates. We now know that 45 delegates utilized them: but as to the remaining 23 information is still awaited from the shipping company. As many of these sailed only in October, it may be some little time before the shipping company requests payment from Government on the strength of these certificates.

DEFICIT BUDGETS IN EUROPEAN COUNTRIES AND CUTS IN SALARIES.

1250. ***Mr. Badri Lal Rastogi:** (a) Will Government please state how many countries in Europe have had to face a deficit Budget and to what extent?

(b) Will Government please state:

- (1) which of the countries in Europe has balanced its deficit Budget by retrenchment and cuts in salaries, and
- (2) which by a levy of fresh taxes?

(c) Will Government please state which of the countries has adopted a uniform cut in the salaries and which a graded cut?

(d) Do Government propose to reconsider their proposal of effecting a uniform cut in the salaries and to adopt a graduated cut according to the recommendations of the Retrenchment Committee?

The Honourable Sir George Schuster: Parts (a) to (c). Government have no information beyond what is available in the Press.

Part (d). Government have carefully considered the recommendations of the Retrenchment Committee, but for the reasons already explained by me, Government prefer to adhere to their original proposal.

QUANTITIES OF BULLION AND COINS HELD AGAINST CURRENCY RESERVES.

1251. ***Lala Hari Raj Swarup:** Will Government be pleased to state:

- (a) the quantity of gold and silver bullion held in India against the gold and paper currency reserves;
- (b) the quantity of gold and silver bullion held in London against the gold and paper currency reserves;
- (c) the quantity of gold and silver coins held in India and London;
- (d) full particulars, description, nominal value, cost price and market price of the sterling and other securities in which gold reserves and paper currency reserves are invested in London;
- (e) full particulars, description, nominal value, cost price and market price of the sterling and other securities in which gold reserves and paper currency reserves are invested in India?

The Honourable Sir George Schuster: (a) to (e). The information regarding the Gold Standard Reserve is given in the quarterly statements published by the Government of India. As regards the Paper Currency Reserve, the information which the Government of India are required to publish under the Indian Paper Currency Act is given in the weekly statements issued by the Controller of the Currency.

PAYMENT OF PROCEEDS OF POSTAL CASH CERTIFICATES TO HEIRS OF DECEASED PURCHASERS.

1252. ***Lala Hari Raj Swarup:** (a) Will Government be pleased to state whether Postal Cash Certificates of 1917, 1918 and 1919 are still lying in post offices without being disbursed?

(b) Are Government aware of the fact that the heirs of depositors, who happen to be dead without handing over the Postal Cash Certificates to their successors, find it very difficult to have the money realised from the post offices?

(c) Do Government propose to see that in future the depositors be directed to declare the name of their heirs in their applications for Postal Cash Certificates?

The Honourable Sir George Schuster: Government are not aware that the facts are as stated in the question, but enquiries are being made and the result will be communicated to the Honourable Member in due course.

ESTABLISHMENT OF A BRANCH OF THE LEAGUE OF NATIONS IN INDIA.

1253. ***Lala Hari Raj Swarup:** (a) Is it a fact that a branch of the League of Nations is going to be started in India?

(b) If so, will Government be pleased to state when the idea is likely to mature?

Sir Lancelot Graham: (a) and (b). The Government of India understand that provision for the establishment of a branch office of the League of Nations in India has been included in the Budget of the League for 1932 and they presume that the proposed branch office will be inaugurated in the course of that year.

UNSTARRED QUESTIONS AND ANSWERS.

PURCHASE OF BLOCKS BY THE PUBLICITY OFFICER, EAST INDIAN RAILWAY.

142. **Mr. Bhuput Singh:** With reference to the answer to a question asked by the Honourable Mr. Surput Singh in the Council of State, about February or March last year, that there are three firms that supply the Publicity Officer of the East Indian Railway with blocks, *viz.*, (i) T. Black & Co., (ii) Elphinstone Company, and (iii) The Calcutta Chromotype Company: will Government be pleased to state, for the information of the House:

(a) what amounts have been actually paid, on account of blocks, to every one of these firms or any other firms, during 1926-27, 1927-28, 1928-29, 1929-30 and 1930-31;

- (b) whether the Publicity Officer places orders for all the blocks that are required by the East Indian Railway or for such as are required by his own Department only;
- (c) if the answer to part (b) be in the negative, what other officer or officers place such orders; and the amount spent by each during 1926-27, 1927-28, 1928-29, 1929-30, and 1930-31, specifying separately the amounts that have been paid to the various firms;
- (d) whether the Publicity Officer calls for tenders either at the beginning of a financial year or occasionally when giving out important jobs in order to obtain the most advantageous rates;
- (e) if the answer to part (d) be in the affirmative, whether the tenders were called for by advertisement in papers or only respectable block makers were invited, by means of letters, to tender; if the tenders were called by advertisement in papers, the name and date of the paper or papers be specified; if the tenders were called for by special circulars to respectable block makers mention may be made of (i) the firms to whom the circulars were sent, (ii) the firms who responded to the circulars by submitting quotations and (iii) the firms who were selected out of the lot to execute orders;
- (f) if the answer to part (d) be in the negative, what procedure has been adopted by the Publicity Officer in order to determine that he was getting the best value for the public money that he has been spending; and whether steps will be taken immediately to call for tenders by means of advertisements in papers, or by other suitable procedure;
- (g) referring to part (c) above, if there be any other officer (perhaps the Printing Superintendent) who places orders for blocks, besides the Publicity Officer, what procedure does such officer adopt with regard to the quality and price of the blocks that he is buying; and
- (h) whether Government will kindly furnish similar information with regard to the Eastern Bengal Railway?

Mr. A. A. L. Parsons: With your permission, Sir, I propose to answer this and question No. 144 together.

I am asking the Agents of the East Indian and Eastern Bengal Railways to furnish such of the particulars required as are readily available and will communicate with the Honourable Member when these are received.

PURCHASE OF BLOCKS BY THE MANAGER, GOVERNMENT OF INDIA PRESS, CALCUTTA.

143. Mr. Dhuput Stag: With regard to blocks—colour, half-tone or line—that the Manager, Government of India Press, Calcutta, buys, will Government be pleased to state, for the information of the House:

- (a) what amounts have been actually paid, on account of blocks, to various firms during 1926-27, 1927-28, 1928-29, 1929-30 and 1930-31;

- (b) in order to obtain the most advantageous rates, whether tenders are called for in the beginning of a financial year or occasionally when giving out important jobs; if not, what other procedure is adopted;
- (c) if it is not a fact that by systematically and periodically obtaining competitive rates from various firms the Manager, Government of India Press, Calcutta, is in a position to obtain:
 - (i) very advantageous rates; and, at the same time,
 - (ii) the very best quality;
- (d) if it is also a fact that the Manager, Government of India Press, Calcutta, maintains a register of approved block-makers and gives out orders by rotation; and
- (e) whether Government will insist on other Departments, including railways, adopting similar procedure?

The Honourable Sir Joseph Bhore: Information is being collected and will be furnished to the Honourable Member in due course.

**POSTERS FOR THE EAST INDIAN RAILWAY PRINTED AT THEIR OWN PRESS
AND OUTSIDE.**

†144. **Mr. Bhuput Singh:** With reference to the answer to a question asked by the Honourable Mr. Surput Singh in the Council of State, about February or March last year, (1) that the East Indian Railway own a lithographic plant; (2) that they print some of the posters in their own press; and (3) that whatever they are not able to print in their own press they get them out from abroad, will Government be pleased to state, for the information of the House:

- (a) particulars, as under, with regard to posters printed at the Railway's own press during 1926-27, 1927-28, 1928-29, 1929-30 and 1930-31:
 - (i) description of work,
 - (ii) number of copies printed, and
 - (iii) departmental charges therefor;
- (b) particulars, as under, with regard to posters printed *outside*
 - (i) in India, and (ii) abroad, during 1926-27, 1927-28, 1928-29, 1929-30 and 1930-31:
 - (1) description of the work,
 - (2) number of copies printed,
 - (3) name of the press who printed, and
 - (4) amount actually paid for each job, specifying separately, in the cases of jobs done abroad, the actual charges for printing, paper, freight, customs, etc.; and
- (c) amounts paid to the artists for the preparation of designs that were reproduced at the Railway's own press or *outside*, during 1926-27, 1927-28, 1928-29, 1929-30 and 1930-31, with the following particulars:
 - (i) description of the design,
 - (ii) name of the artist, and
 - (iii) amount paid for each design?

†For answer to this question, see answer to question No. 142.

REPRODUCTION OF POSTERS IN INDIA.

145. **Mr. Bhuput Sing:** Further to part (e) of my unstarred question No. 91, dated January 28, 1931, will Government be pleased to state whether they are prepared to issue instructions to the Central Publicity Bureau of the Government of India, Railway Board, and the Publicity Departments of various Railway Administrations—State or Company-owned—to give preference henceforward to presses in India in the matter of reproduction of posters?

Mr. A. A. L. Parsons: Government do not consider there is any necessity for the issue of instructions on the lines indicated, as they understand that there are certain types of posters which, either owing to their size or to the colours used, cannot be satisfactorily reproduced in India.

SUBJECTS OF POSTERS ISSUED BY THE CENTRAL PUBLICITY BUREAU AND RAILWAY ADMINISTRATIONS.

146. **Mr. Bhuput Sing:** (a) With regard to the issue of pictorial posters by the Central Publicity Bureau of the Government of India, Railway Board, and/or various Railway Administrations—State or Company-owned—do Government realize:

- (i) that the designs should be depicting some natural beauty spot, some picturesque building, or some place of historical or other interest in order to attract foreign tourists and other general travellers; and also
- (ii) that the designs should be of some religious place which would attract pilgrims from the poorer classes, even if the place may not fall under any of the categories mentioned in item (i) above?

(b) Will Government be pleased to state, for the information of the House, under what classification they are prepared to put the "Mullick Ghat" poster? Are Government aware that "Mullick Ghat" means the foul-water pumping station of the Calcutta Municipal Corporation: what was the underlying idea of issuing this poster?

(c) Will Government be pleased to state, for the information of the House, whether this design was prepared at the express commission by some officer or officers of the Central Publicity Bureau or of any individual Railway Administration? If so, will Government please state their names, present designation, and salaries drawn?

(d) Is it a fact that the design was prepared at the initiative of the artist herself and then it so happened that the officer or officers responsible for the purchase, of the designs bought the picture? If the case be so, will Government be pleased to state the name or names, designation, and salaries of the officer or officers concerned?

(e) Will Government be pleased to state, for the satisfaction of the House, that no more public funds will be spent by the Publication of a poster depicting the Calcutta Municipal Corporation's other achievements?

Mr. A. A. L. Parsons: (a) I agree that considerations such as those detailed by the Honourable Member should influence the production and publication of posters. As far I am aware, they always have.

(b) to (e). I have called for certain information and will communicate with the Honourable Member when it is received.

POSTERS DESIGNED FOR THE CENTRAL PUBLICITY BUREAU AND
RAILWAY ADMINISTRATIONS.

147. **Mr. Bhuput Sing:** With reference to the posters designed by Miss K. Nixon and Miss Dorothy Newsome for the Central Publicity Bureau of the Government of India, Railway Board, and/or for various Railway Administrations, State-owned or otherwise, will Government be pleased to state, for the information of the House:

- (a) with regard to the reproductions of (i) Lucknow Imambara, (ii) Sasaram, and (iii) Giraffe design by Miss Nixon and other posters by Misses Newsome and Nixon, reproduced abroad, during 1928-29, 1929-30 and 1930-31,
- (1) whether payments for the printing of the above posters abroad, particularly the three specified above, have been made;
 - (2) if the answer to item (1) be in the negative, whether it is possible to reject the prints and obtain fresh prints elsewhere, preferably in India;
 - (3) if the answer to item (1) be in the affirmative, what officer or officers was or were responsible for the acceptance of these jobs and making payments therefor;
 - (4) what is the number of copies obtained of these prints, particularly the three specified above, and whether they were obtained by or for any one Railway Administration or shared by more than one of the same; if so, how they were shared; and
 - (5) what has been the total cost of these posters, particularly the three specified above, relating to design, printing, customs, freight, etc.; and how they were shared by the different railways;
- (b) whether there are four animal designs by Miss Nixon that were printed as "Calcutta Zoo Posters", about a couple of years before and shared by the Eastern Bengal Railway and the East Indian Railway; whether those four posters were reproduced in India, and what was the cost of those four posters separately on various heads;
- (c) how many "Zoo" design (Calcutta) posters are there already in existence; whether the number is not more than half a dozen;
- (d) how many more animal design posters ("Calcutta Zoo" for that matter) are (i) under the contemplation of the Railways, (ii) under preparation by the artist, and (iii) under reproduction by presses in India or abroad (details and estimated cost of these be given); and
- (e) whether of the posters relating to Calcutta—either published by the Central Publicity Bureau or various Railway Administrations—there are as many as six animal design posters, whereas of other places of interest there are only four, viz., (i) Howrah Bridge, (ii) Kalighat, (iii) Victoria Memorial, and (iv) Mullick Ghat (Calcutta Municipal Corporation's Foul Water Pumping Station)?

Mr. A. A. L. Parsons: I propose, with your permission, Sir, to reply to questions Nos. 147 to 153 together. I will see how much of the very voluminous information for which the Honourable Member asks can be collected without imposing undue work on the offices concerned and will communicate with the Honourable Member later.

POSTERS DESIGNED FOR THE CENTRAL PUBLICITY BUREAU AND RAILWAY ADMINISTRATIONS.

†148 **Mr. Bhuput Sing:** In reply to my question, No. 89, dated January 28, 1931, Mr. Parsons, on behalf of the Government, informed me, by D. O., 1676-ST., dated February 23, 1931, that:

- (1) up to 1929-30, so much as Rs. 2,555 (taking roughly an item of £70, mentioned in the list, as equivalent to Rs. 900) was paid to Misses Nixon and Newsome by the Central Publicity Bureau; and
- (2) up to 1929-30, to other artists paid as under:

Name of artist.	Number of designs.	Amount paid.	
		Rs.	A. P.
Bagdatopolous ..	6	6,720	0 0
Tait	6	..	..
Broders	3	649	5 0
Fr:d. Taylor	2	1,800	0 0
Gawthorn	3	1,866	11 0
Maiden	4	2,133	5 0
Canadian Pacific Railway ..	2	900	0 0
Tom Purvis	2	2,400	0 0
Newbould	1	566	0 0
Martin Jones	1	300	0 0
Captain Maynard	1	250	0 0
Petnam	1	700	0 0
Cameron	1	300	0 0
Cusden	1	400	0 0
Miss Heanly	1	250	0 0
Gauri Shanker	1	100	0 0
P. Sarisdar	1	100	0 0

- (3) besides, Rs. 1,250 was paid to Mr. H. Veevers, an employee of the Central Publicity Bureau, for designing five designs.

In this connection, will Government be pleased to state the following, for the information of the House:

- (a) whether the figures mentioned above relate only to such designs as were purchased by the Central Publicity Bureau; or, whether they also include such as were purchased by various State Railways as well;

†For answer to this question, see answer to question No. 147.

(b) if answer to part (a) be in the affirmative, why, for instance, the following designs were not included in the list:

Name of the design.	Name of artist.	Published by
Victoria Memorial ..	.. Not known	.. East Indian Railway.
Shillong, the Gleneagles of India ..	.. Do.	.. Eastern Bengal Railway.
"Invigorating Darjeeling" ..	.. Do.	.. Do.
Shillong ..	.. Miss Newsome	.. Do.
Kamakhya ..	.. Do.	.. Do.
Umananda ..	.. Do.	.. Do.
Mount Everest ..	.. Alex. Taylor	.. Do.

(c) if the answer to part (a) be in the negative, the figures relating to various State Railways;

(d) in the list supplied to me there are as many as three designs relating to "Fatehpur-Sikri" and all the three made during 1929-30:

	Rs.
(1) by Miss Newsome ..	.. 450
(2) by Donald B. Cameron ..	.. 300
(3) by Leonard Cusden (£31-10-0 approximately) ..	.. 400

what was the necessity of obtaining three designs simultaneously of the same subject, in the same year, from three different European artists;

(e) similarly, of "Shillong" and "Darjeeling" there are three and five designs respectively, *vis.*:

Shillong	by Veivers	Rs. 250.
	by some unknown artist	Price not stated.
	by Miss Newsome	Rs. 450.
Darjeeling	by Veivers	Rs. 250.
	by some unknown artist, with caption "Invigorating Darjeeling"	Amount not stated.
	by Miss Heanly	Rs. 250.
	by P. Samadar	Rs. 100.
	by Kushal Mukerjee	Amount not stated.

Information as asked for in part (d) should also be stated in respect of "Shillong" and "Darjeeling" posters.

(f) whether it is a fact that the poster styled "Invigorating Darjeeling" is by Miss M. M. Heanly; whether she is (or, at least, was at the time she drew the picture and sold it to the Eastern Bengal Railway) a mere school girl; whether they are aware that all responsible critics have declared the "Invigorating Darjeeling" poster as worthless; also whether she is the daughter or near relation of some Railway employee, who has since retired?

POSTERS DESIGNED FOR THE CENTRAL PUBLICITY BUREAU AND RAILWAY ADMINISTRATIONS.

†149. **Mr. Bhuput Singh:** I With reference to the reply to part (f) of my question No. 89, dated January 28, 1931, also part (c) of the same question (*vide* Mr. Parsons' D. O. 1676-St., dated February 23, 1931), as well from the Government's answer to another question No. 603, dated February 19, 1931, will Government please state whether it may be assumed that up to 1929-30:

- (1) 44 designs were obtained by the Central Publicity Bureau;
- (2) total amount paid for these 44 designs was Rs. 20,791 (approximately);
- (3) average cost of poster was Rs. 493;
- (4) the lowest amount paid for a poster is Rs. 100 (paid to Gauri Shanker and P. Samadar);
- (5) the next higher amount per design is Rs. 250 (paid to an employee of the Central Publicity Bureau, Mr. Veevers); and
- (6) the highest amount paid for a design is Rs. 1,400 (paid to Tom Purvis)?

II. Will Government be pleased to state for the information of the House:

- (a) whether Messrs. Gauri Shanker and P. Samadar are Indians, and whether they are the only Indians in the formidable list of twenty artists, whose designs were purchased by the Central Publicity Bureau;
- (b) whether the lowest amount—Rs. 100 per design—was paid to them; if so, why; and
- (c) of the two designs of "Darjeeling" obtained from two artists simultaneously, Mr. P. Samadar and Miss M. M. Heanly, why distinction as to rate was made, *viz.*, Rs. 250 to Miss Heanly and only Rs. 100 to Mr. Samadar? (Copies of prints of both these designs may be placed on the table to enable the House to compare their respective merits)?

POSTERS DESIGNED BY MISS NEWSOME FOR THE EASTERN BENGAL RAILWAY.

†150. **Mr. Bhuput Singh:** With reference to Government's reply to part (d) of my question No. 89, dated January 28, 1931, communicated to me personally by a D. O. (*vide* No. 1676-St., dated February 23, 1931) to the effect that "none of the posters ordered by the Bureau relate to the hill-stations"—will Government be pleased to state, for the information of the House:

- (a) whether the wording of my question did not make it abundantly clear that it was not concerning the Central Publicity Bureau at all, but clearly relating to "a certain Railway Administration";
- (b) whether Miss Newsome was given free travelling pass or passes to enable her to travel over any part of the Eastern Bengal Railway, during 1928-29, 1929-30 and 1930-31; and also whether her hotel-charges were paid by the said Railway for

†For answer to this question, see answer to question No. 147.

- her stay in Shillong during any part or parts of 1928-29, 1929-30 and 1930-31; if so, what these charges had been; and
- (c) whether, in addition to amounts referred to in part (b), Miss Newsome was paid Rs. 450 a piece for each of the following posters prepared for the Eastern Bengal Railway: (1) Shillong (Golf design), (2) Kamakhya and (3) Umananda (Monkey design)?

POSTERS BY MISSES NIXON AND NEWSOME EXHIBITED BY THE AMERICAN EXPRESS COMPANY, CALCUTTA.

†151. **Mr. Bhuput Sing:** With reference to the reply that Government gave me on the floor of the House to my unstarred question No. 89, dated January 28, 1931, to the effect that Government have no information as to the posters that Misses Nixon and Newsome had exhibited in the show-windows of the American Express Company, Calcutta, in December 1930, except in respect of two posters lent for the purpose by the Central Publicity Bureau, and about which two only Mr. Parsons communicated information to me personally by a D. O. subsequently, will Government be pleased to state, for the information of the House, all the particulars asked by me in my said question with regard to the following designs also exhibited there and most of which evidently belonged to (or, meant for) some State Railway or other?

- | | |
|---------------------------------------|------------------|
| 1. Sasaram (Tomb of Sher Shah) | by Miss Newsome. |
| 2. Bombay (B. B. & C. I. R. Building) | , |
| 3. Umananda (Monkey design) | .. |
| 4. Shillong (Golf design) | .. |
| 5. Benares (Ghat) | .. |
| 6. Udaipur (Jaggernath Temple) | .. |
| 7. Burma (Buddha design) | .. |
| 8. Kamakhya | .. |
| 9. Lucknow (Great Imambara) | .. |
| 10. Elephant design | by Miss Nixon. |
| 11. Monkey and Giraffe design | .. |

POSTERS PREPARED BY THE CANADIAN PACIFIC RAILWAY.

†152. **Mr. Bhuput Sing:** With reference to the reply to part (f) of my question No. 89, dated January 28, 1931, communicated to me by Mr. A. A. L. Parsons, on behalf of the Government (*vide* D. O. 1676-St., dated February 23, 1931), in which there is mention of two designs, *vis.*, "Delhi" and "Elephant" at Rs. 450 each, as drawn by the Canadian Pacific Railway, will Government be pleased to state, for the information of the House:

- (a) whether the said Railway was commissioned by the Central Publicity Bureau to prepare these designs;
- (b) if not, under what circumstances were the designs purchased from the said Railway; and
- (c) whether copies of both the designs will be placed on the table of the House?

†For answer to this question, see answer to question No. 147.

EMPLOYMENT OF INDIAN ARTISTS FOR POSTER DESIGNING.

†153. **Mr. Bhuput Sing:** With reference to Government's reply to my unstarred question No. 89, dated January 28, 1931, and to starred question No. 603, dated February 19, 1931, stating that up to 1929-30 the Central Publicity Bureau of the Government of India, Railway Board, paid to different artists so much as Rs. 23,245 (approximately), and out of this amount only so little as Rs. 200 (Rs. 100 each) to two Indian artists, Messrs. Samadar and Gauri Shanker—will Government be pleased to state, for the information of the House:

- (a) why Indian artists are not being patronised by the Central Publicity Bureau;
- (b) whether any steps have been taken to ascertain the merits of various Indian artists capable of turning out quite as good jobs as are done by foreign artists;
- (c) whether they are aware that at the All-India Poster Exhibition held by Lady Lytton in February 1926, the first prize, Vicerene (Lady Reading's) Gold Cup, was won by a poster for the Great Eastern Hotel, Calcutta, by an Indian artist;
- (d) whether the Central Publicity Bureau have obtained the "Safety First" design posters from an Indian artist of Calcutta recently; and what amount was paid for the "Safety First" design, showing three workmen in a smithy;
- (e) whether Government are prepared to issue strict orders to the Central Publicity Bureau and to the Publicity Departments of various Railway Administrations, State-owned or otherwise, to commission Indian artists only for whatever design they might require hereafter and stop altogether any orders *outside*;
- (f) if so, whether Government are prepared to circulate the names of the following artists (amongst whom, it may be noticed, are also names of Anglo-Indian and European artists domiciled in India) besides those referred to in parts (c) and (d):

Lahore :
Abdur Rahman Chaghtai.
Fyzee Rahman.

Delhi :
Saroda Ukil.

Jaipur :
Kushal Mukerjee.
Sailendranath De.

Lucknow :
Asitkumar Haldar.
Birendra Sen.

Bombay :
Mahadev Vishwanath Dhurandhar.
Gurey Shankar.

Calcutta :
G. W. Parrab (of Bombay).
Purnachandra Ghosh.
Alex. Taylor (European).
Philip Greaves (European).
Morton Lacey (Anglo-Indian).
Jyotish Das Gupta.
Satish Sinha.
Mukul Dey.
Ishwari Prasad Varma.
Jamini Prakash Ganguli.
Elsie Siemsen (European).

- (g) whether any of the above artists competed in the Railway Poster Exhibition of Simla, at which Mr. Veevers carried away the prize, and whether at Lady Lytton's Exhibition of 1926 a great many of these artists competed?

†For answer to this question, see answer to question No. 147.

SCHOOLS AND COLLEGES IN THE PROVINCE OF DELHI.

154. **Mr. Badri Lal Rastogi:** (a) With reference to a statement laid on the table on the 28th September, 1931, in reply to my starred question No. 670, asked on the 23rd February, 1931, will Government be pleased to supply the full names and addresses of those schools and colleges (that are entirely residential) existing in the province of Delhi?

(b) Which of the schools and colleges are intended solely for Indian boys and which of them meet all religious and communal requirements of the students?

(c) What is the monthly scale of charges or fees in those schools and colleges?

Sir Frank Noyce: Delhi has no entirely residential schools or colleges.

THE INDIAN SEMAL COTTON PLANTATIONS, LIMITED.

155. **Mr. Badri Lal Rastogi:** (a) Are Government aware that there is in Assam a company known as "Indian Semal Cotton Plantations, Limited"?

(b) Is it a fact that by a Charter granted to this company under the authority of the Secretary of State in Council, royalty, which is a species of tax, is not charged by Government?

(c) If the answer to part (b) is in the affirmative, will Government please state for how many years and how many acres of land have been granted to it?

(d) Is the interest at the rate of 4 per cent. per annum regularly paid to every bond-holder by this company?

(e) Is this company managed by shareholders or bond-holders?

(f) Is it registered under the Registration Act?

The Honourable Sir George Rainy: The Government of India have no information. I would suggest that the Honourable Member should address the Government of Assam.

INSURANCE COMPANIES IN INDIA.

156. **Mr. Badri Lal Rastogi:** (a) Will Government please enumerate the insurance companies that exist in India?

(b) How many of them carry on their insurance business?

(c) Which of the companies pay dividend to their shareholders every year and what is the percentage of dividend paid by them?

The Honourable Sir George Rainy: A list of insurance companies in India appears in the Indian Insurance Year Book, 1930, of which there is a copy in the Library of the House. Since the publication of the Year Book, the following six companies have come into existence:

1. Deccan Assurance Company, Bezwada.
2. Gujarat Provident and Industrial Company, Baroda.
3. Jai Bharat Insurance Company, Madras.

4. Aggarwal Assurance Society, Ajmere.
5. National Fire and General Assurance Company, Calcutta.
6. Tarun Bharat Assurance Company, Bombay.

(b) With the exception of eight new companies that have not yet commenced business, all the other companies are carrying on insurance business.

(c) Information regarding the rates of dividend declared by Indian companies carrying on life assurance business only is given on pages 86 and 87 of the Year Book. Information in respect of other Indian insurance companies is not readily obtainable.

THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING)
BILL—*contd.*

Mr. C. Brooke-Elliott (Madras: European): Sir, after two false starts the House may be surprised that I again face the gate! The 5th of November is a day which is associated in England with fireworks, and I have been a little disappointed myself with a good many of the rockets, while some even of the squibs that we have so far seen fired off have been a little damp. There may be, however, forces in reserve with perhaps more detonating effect than I at any rate can command.

Sir, it is true, I think that all the people of India are anxious to help the Government, and I think the best way we can help is by remembering that on every side clear thinking is needed as against hasty expressions of mere prejudice; unity of purpose as against mere sectional advancement; constructive as against merely destructive criticism; a greater trust in others and avoidance of unreasoning suspicion or imputing of motives; lastly, and most important, a firm belief in spiritual guidance. When the layman offers advice to the expert he is not always helpful. Many years ago in Ceylon the rupee went down to 10 pence, and my father, a civil servant with an exiguous income, had to make remittances for my maintenance in England, and was rather distressed. He happened to say to an elderly Ceylonese gentleman, "It is terrible, you know, with the rupee down to 10 pence", and the Ceylonese friend immediately turned round and said "Sir, the remedy is very simple". "Oh", said my father, "what would you do"? He said "If I were the Government, of course I would make the rupee bigger". (Laughter.) Well, Sir, there may be Members in this House who, if the rupee goes to 1s. 8d. (as it is going), will press on the Finance Member to accept the suggestion in a reverse sense and make the rupee smaller. I say that that kind of advice is not always helpful. I also bear in mind when I study these documents (many of which are a sure cure for insomnia) (Laughter), the advice given to a young man by an Irish auditor. This Irish auditor had amassed a large fortune by auditing accounts. His young understudy, who was a novice in the profession, once said to the auditor "Sir, would you tell me the secret of your success?" "Ah, George, my Boy", said the auditor with an Irish brogue, which I have lost, "sure the remedy is this; always ask the man for whom you make up the balance sheet whether he wants the balance brought out on the credit side or on the debit side". (Laughter.) Consequently, I have looked at some of this bulky official literature with a faint recollection of

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that Irish auditor, and I am rather interested to see that no less an eminent person than Major-General Megaw, a Scotchman, by origin, though an Ulsterman to-day, at page 52 of this particular exhibit says this:

"I have gone very carefully into the administrative staff and have formed the opinion that by a certain amount of curtailment of non-essential activities and over-work on the part of the staff, the following retrenchments may be carried out",— and now mark the following words,— "As the Budget statement is very misleading, I have dissected,"—a good word for a Surgeon-General,— "I dissected it out to show what is actually spent on administration".

I think, Sir, that is a very good justification for some of the criticism that has been made in the House.

Sir, I think we should take for a moment a very brief look at world conditions. If you go back to Napoleon, England's deadliest enemy, you will find that in retirement at St. Helena he wrote certain monographs on English methods of war and peace. And I am glad to see that if you go back to 1816 when England's greatest difficulties were still ahead of her, you will find that her debt at that date was greater in proportion to national wealth than the debt now existing. Unemployment had reached a figure which in proportion to population exceeded the figure of the present day. Salvation when it came was based largely on the world's faith in British financial integrity and on the demand for English goods. The faith ministered to the demand, for the world lent to London which lent again to the world. And I rejoice to-day that England in Europe and India in Asia are the two strongest rocks of financial rectitude and integrity, and I believe that that twin association between England and India is all for the good, because it is not a question of gold; it is not a question of silver; the real world problem to-day is to get back confidence, which will lead to the revival of trade.

I believe we are all agreed that a balanced Budget is the first essential and in that respect we are here to help the Government in every way we can. The Great War was the Great Crime; and yet people seemed to think after the War that the twin devils of Inflation and Reparation were going to put the world on a sound financial basis. We must get rid of the cancer of Reparations before the trade of the world can become really healthy again. Commerce is not a clock to be regulated by a pendulum swinging from one extreme to the other. What we all want to-day is stability; and because we believe that, though we dislike cordially many of the proposals for higher taxation made in this House, we propose to support the Government with certain constructive suggestions here and there. The world must get right before it can be prosperous. The old Virgilian line "*Jam redit et Virgo redcunt Saturnia regna*" shows that justice must come as the forerunner of universal prosperity.

Now, I come to my next point, which was referred to very courteously by my Honourable friend Mr. Chetty. At the big meeting we had in Madras recently we asked for less taxation and more retrenchment. I still stand by those resolutions then passed unanimously. The grounds that Mr. James, who made the principal speech—he is our planting member in the Madras Legislative Council and is known to many of the Honourable Members here—were shortly these. We asked first for a general reduction of 25 per cent. in the administrative fields of labour and industries, medical services, public health, agriculture and forests. And I am

glad to say, and I acknowledge it with grateful thanks, that the Government proposals have practically conceded what we asked for in those fields. But most of us have a strain of Oliver Twist in us, and we want more. We suggest that further fields for retrenchment may be found in the Public Service Commission, possibly in the abolition of the Tariff Board, because once India is pledged to full-fledged protection we do not quite see the necessity for a Tariff Board. We ask further for the abolition of the Imperial Council of Agricultural Research,—an admirable institution but a luxury we cannot afford—that would save Rs. 8 lakhs. We also think that further retrenchments in the scientific departments in this time of emergency are called for, and we invite the Government to put the comb again through such fields as they think they have already examined in full. The position, as far as I understand it,—and I am not a mathematician, I often find it difficult to know how many annas make a pie (Laughter), but so far as I can arrive at the position it is this. The second report of the General Purposes Sub-Committee recommended reductions of roughly Rs. 128 crores. The Government have accepted about Rs. 80 lakhs. We think that the comb might here be applied.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): May I correct the Honourable Member? The second report has recommended a reduction of Rs. 153 lakhs—that is only in respect of some, and there are the Foreign and Political Departments and Minor Administrations which have not yet been enquired into. Their total Budget is about Rs. 6 crores.

Mr. C. Brooke-Elliott: I am coming to that point, and I am obliged for any correction because the figures I find rather difficult to follow. It is one more proof . . .

The Honourable Sir George Schuster (Finance Member): May I just intervene and ask the Honourable Member a question? He has referred to the second report having made certain recommendations. The second report has not yet I understand been drafted; it is not certainly yet in the hands of the Government.

Sir Abdur Rahim: The figures have been supplied to the Government and a representative of the Government was on the Sub-Committee all along. He knew that the enquiry was completed before the 31st October.

Mr. C. Brooke-Elliott: Well, Sir, I am obliged for the assistance I have received from both the Honourable gentlemen. The point only shows that when I said I was not a great mathematician, there are others who are not much better. (Laughter.) The substantial position, I understand, is this; that X reductions have been suggested and Government are accepting Y. Substantially there however remains a field of about Rs. 5 or 6 crores of expenditure to be examined on which we hope that the comb will bring away golden threads to the extent of at least one crore.

Sir, our view in Madras—and I have reason to think that, though Madras is sometimes known as the benighted Presidency, it is not quite so benighted as some people elsewhere think—our point is that retrenchment must be first substantial, and second, progressive. We fear that after the first fine flush of enthusiasm for economy is over, the Government will succumb possibly to that old disease which I believe mental experts call *squandermania glorioza in excelsis*. We all know the young lady who has a baby car and who after jamming on the brakes because the policeman

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has put up his arm, promptly retorts by stamping on the accelerator. (Laughter.) The bad example of the young lady and the Baby Austin I commend to my Honourable friends in high places.

I next come to audit. As I said, I do not understand accounts, but I am glad to find I have others who share my ignorance. The figures there seem to be excessive. The point made by Mr. James in his speech was this. The audit department of the Government of India is costing nearly a crore today, whereas ten years ago the Inchcape Committee recommended that the expenditure on audit should be limited to Rs. 79 lakhs. Unfortunately the Inchcape Committee also recommended that the possibility of separated audits and accounts should be considered. This recommendation was accepted with the sad result that in this year's Budget the cost of special staff, considering the question of separation of accounts from audit and of the experimental offices in connection with the scheme, amounts to Rs. 17 lakhs. That, Sir, is rather an unhappy result of the Inchcape Committee's proposals for economy, and we ask that we have no more costly experiments of that kind. Further, there is surely this point to be borne in mind, that when we have much less expenditure all round there is bound to be less expenditure on audit. I understand that the recommendations of the Sub-Committee amounted to a saving of Rs. 17 lakhs, of which the Government have accepted Rs. 16 lakhs. So, subtracting 16 from 17, the difference is, I think, one lakh, and that is a matter upon which again we generously acknowledge the spirit in which the Government have received the proposals.

Sir, I referred just now to the Inchcape Committee. Personally, I am against highly paid professional committees of that kind in future. I prefer the method of examination by a small committee of this House, assisted by one independent financial adviser. In my humble opinion, and I say it with all humility, the Government of India officials who come before such committees should come as witnesses, and not as integral members of the committees. It is perhaps a little educative to remember that, including and since the Inchcape Committee, no less than nearly Rs. 2 crores have been spent upon committees in India. I should like, further, if I may, as a private Member to acknowledge with thanks the labours of these various committees. They have not yet finished their course. Their reports are interim ones: but as a humble shareholder in some companies I always feel that the declaration of an interim dividend is a cheerful forecast of better things to come. I should also like gladly and cheerfully to acknowledge the assistance that these committees have received from Government and from Government officials. I am specially glad to see what is said in the report of the Army Sub-Committee on page 10. "It must be recognised that the Army authorities have displayed a keen desire to reduce expenditure on the Army". That seems to me a new spirit rather, and a very healthy sign of the times, and I think we all ought to thank the most distinguished soldier, His Excellency the Commander-in-Chief, because we know that he has strained every nerve to help us in our hour of emergency. I think that the real issue, on which you may be asked to say "Aye" or "No"—and I trust there will be no division on the Bill—is this,—Has the Government of India really faced up to the realities of the situation and understood the grave dissatisfaction that undoubtedly has existed, and to some extent still exists, in the public mind over the enormous growth of public expenditure in the last decade? That is the question that has to

be answered. For my own part I honestly believe that the Government of India have: but our vigilance must not relax. It must rather increase. The Honourable the Leader of the House, whose very rare interventions in debate make me sometimes wonder whether he observes not merely a day of silence but a week of silence, yesterday criticised, and if I may say so, helpfully criticised some of the arguments put forward. He for example quoted Mr. Micawber, whose immortal work on sound finance is unfortunately not in our Assembly Library. I wish we had it. We know Mr. Micawber budgeted on the principle of something turning up. What always happened instead was that Mr. Micawber was invariably turned down! But let me quote in return the same eminent financial authority to the twin St. Georges on the front Government Bench. Sir, I am quoting from memory, but my recollection is that Mr. Micawber *did* understand sound finance, though like most of us he understood it for others and misunderstood it in his own case. What he said in effect was this. "David, my boy," (He was addressing the youthful Copperfield) "Income £19-19-11d, Expenditure £19-19-10d, solvency. Again—income £19-19-11, Expenditure £19-19-11d. 3 farthings, insolvency". And I think that that advice, though it comes from Mr. Micawber, has unhappily not always been kept in mind in the past by the Government of India. There is one cut that I very specially welcome. Turn for a moment to this document in my hand—it is not marked as an exhibit—it is the general summary of the position as regards retrenchment. I notice that this paragraph says:

"As regards printing and stationery the committee recommend reductions of 16·8 lakhs including about 10 lakhs due to the disappearance in 1932-33 of provision made for carry over referred to in paragraph 5 of the Report. The reductions proposed by Government amount to Rs. 19·08 lakhs."

That, Sir, is encouraging. For I sometimes wonder at the end of a session how many tons of beautiful printed paper for use of Members is left over unused. My domestic Budget as a result of less stationery and printing will mean a saving of 50 per cent. in future, for I trust that I shall now be able to despatch my official duties with the assistance of one waste paper basket instead of 2. (Laughter). Honourable Members seem to think that that is not a very considerable retrenchment in my own case. Surely it is: Fifty per cent. Sir, I have often asked myself—is it really necessary that such immense quantities of stationery should be posted to me every week, concerning people who have died from peculiar diseases in provinces with which I have really no mortal interest at all. I am glad to see that here the Government attitude is not stationary but retrograde, in the sense that it is going back upon the lavish ways with which in the past publications of this kind have been distributed.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Today is Saturday?

Mr. C. Brooke-Elliott: I believe so. I want to say one word and one word only as to the attitude of our Group as regards cuts. It is this. We take strong exception to the exemption of low paid servants in civil departments drawing Rs. 40 and under from the cut while their counterparts in Railways and Posts and Telegraphs are made to bear their share of retrenchment. We think that it should be either all or none. Then I come to the brighter side of the Budget picture and it is this. I would wish to pay the highest possible tribute to the work of the Finance Member. I know that from the Viceroy and his Council downwards immense demands

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have been made on the public services, and they have responded nobly. I think that the bright side of the picture is this,—that the Finance Member has really put forward now a definite plan for permanent reduction in public expenditure by (1) eliminating non-essentials, (2) a general paring down all round, (3) readjusting departments which were somewhat out of gear, and (4) economising both in men and material. In other words our object is to cheer on St. George in his attack on the dragon of public expenditure. We will give him all the help that he requires. One of our Members said to me when coming up to Delhi, “Ginger up the Government”, and he added, “We grow ginger in Madras”. At the same time when we insist upon these, and further economies, we are prepared also to face a slight reduction in efficiency. It may not be possible for us to use the highest quality of “lubricant for official machinery”. It may not be possible for us to get work done at the highest compression and with the highest speed. We shall be sensible: and we shall only ask for a reasonable degree of efficiency, recognising that if you reduce staff it is necessary in some respects to reduce efficiency. We regret deeply the cuts made in the salaries of public servants. I think it is up to us to acknowledge again gratefully the lead that has been given and so well followed: but I need hardly say we look, and not in vain, to our splendid public service to put forth increased effort in the hour of India’s need. I know that very surely we shall not look in vain. Above all I trust that every Member will do all he can to explode that widespread and insane delusion that for all these things it is “Government that pays”. Government in the matter of spending may be spelt not in a number of letters but by two simple vowels, “I” and “U”. Let us not say glibly, “Let

12 Noon. Government pay”, “Let us go to Government”, because, as Sir John Simon said, the idea of a bottomless public purse leads only to the bottomless pit. Therefore we can help very largely by instructing the public mind that this idea that Government can pay indefinitely is a snare and a delusion.

Now I come for a moment to talk about ourselves, because I regard myself as an heir of the previous Elected Members from Madras. Let it not be forgotten by unofficial Members that in many cases new departments have been almost forced on Government by resolutions of private Members. It is to the credit of Government that in this hour of retrenchment these adopted children have not been ruthlessly sacrificed while Government’s own children have been fondly retained. Those departments that are not touched are joyfully singing the old nursery rhyme, “*Nobody axed me, Sir, she said*”. I would just draw attention to some of those adopted children untouched by retrenchment such as the territorial forces, costing 10 lakhs, the Indian Stores Department, and the new Secretariat for ourselves. I would also point out that in the proposals of Government the axe has not been laid at the root of the tree of education that is right.

Now I come to the real crux of the matter; and here I speak with a very real sense of responsibility. The crux of the position is the Army expenditure. Sir, I have no doubt that Honourable Members, both on my right and on my left, must have profited by a careful reading of the Simon Report. In volume I, page 92, Sir John Simon summed up the military problem very very clearly in a few pregnant paragraphs. I am not going to repeat them—they are known to all. I am only going to

say that I feel bound, because my intellect impels me, to accept that summary as accurate. If you turn to volume II, page 207, you will find the financial aspects discussed by Mr. (now Sir Walter) Layton. Again I feel that I must agree with the conclusion at which he arrived; the overriding conclusion at which he did arrive was that India was spending too much upon her Army. (Cheers.) Sir, that is the expression of opinion of an independent financial expert; and the deductions that he makes, so far as I am concerned, my intellect again compels me to accept as correct. Now the strong bull point, if I may use the expression, that the Opposition have in this matter is this, that only three or four years ago the then Commander-in-Chief, a very able soldier, stated quite positively and definitely that the reduction of military expenditure to 50 crores was not within the sphere of practical politics within any reasonable period of time. Well, Sir, the miracle has happened—that which was said to be impossible only three or four years ago is not only possible today but much more than possible, because the 1931-32 Army Budget is down to 46½ crores. So the age of financial miracles is not past. That is the most important point which we must bear in mind, and I think it cannot be over-stressed. Now it seems to me that if you accept those premises, the position is this. I think the Army problem is two-fold. I want to consider it under two heads: the first head I would call (a) “non-effective charges”, and the second head (b) “effective charges” and under head (b) I only want to speak of the strengths of the fighting forces and the scales of pay. Everything else I put under head (a). Now head (a) has been partially examined—because the report of the Sub-Committee is again an interim report and we trust that a further reduction may result possibly in a further saving of perhaps about half a crore. Assume, however, that by now all reasonable economies have been explored under head (a). Assume also that in present circumstances there can be no safe reduction in the strength of the armed forces of the Crown in India. If you look at the papers and the map of India and also Asia, today, you will find a good deal of food for thought in that respect. Now assuming what I have already said, it seems to me that, even so, one further field for financial exploration still remains: and the following questions seem to me to arise:

(1) Is the fighting strength of the Army today being maintained at the minimum cost?

(2) Has this field been explored for all reasonable economies, minor as well as major?

(3) If not, is it also to come under thorough examination?

(4) If so, when; and by what agency?

Suppose therefore that it was accepted either by the Government today, or any other Government a little later on that a 44-crore Army Budget was to be the absolute maximum in times of peace. It might then be found that the 44-crore Budget, even on the most economical scale of expenditure would not support the existing strength. If so—and that is the crux of the case—If so, would this House be prepared deliberately to advocate a reduction of the actual fighting forces which a specified contract amount may involve? Or do we stand for the present minimum strength, whatever the actual cost of that may be? That is how I view the Army problem, and I would ask whether or not it is possible for us to be told, whether the Government will enlighten us fully and frankly on

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those lines (or on any other lines, because it may well be that there are much better lines than I have indicated—I have faced the question to the best of my ability). I would like, Sir, because a great point has been made, I would like to be able to go back to Madras and meet my constituents and tell them definitely what the future position as regards Army expenditure, in so far as it can be foreseen, is likely to be. That is all I have to say on that point.

I will now say a few words on one or two other matters. First, I would press upon the Government to tighten up all existing forms of income-tax. Mr. Mody has touched upon that and suggested a *modus operandi* or rather *modi operandi* which will enable further income-tax to be realised. (Laughter.) Sir, let me give one concrete example. Recently, the Privy Council came to the interesting conclusion that the making of bricks was not agriculture. Put in that form, it sounds a peculiar thing that the highest tribunal of the empire should have had decided that elementary proposition; but the fact remains that in many respects in the past, those who made bricks and exercised fishing rights and a number of other transactions claimed exemption exclusively on the ground that those operations were agricultural.

Well, Sir, if that is so, gold is agriculture, because it comes out of the soil, oil is agriculture because it comes out of the soil. In fact we Members are also agricultural products because we come out of the soil. Dust we are and unto dust we shall return. I am not going to claim that I am the product of agriculture and refuse to pay income-tax. I would have done so, or rather I could have done so, but for the wisdom of Their Lordships of the Privy Council. I trust, Sir, that the Finance Department will observe that bricks are not agriculture and there should be a very considerable addition to the returns of income-tax under these heads, which in the past have escaped assessment. I would also like to see arrears claimed.

Now, Sir, the Bombay Chamber of Commerce—I am indebted to my Honourable friend, one of the members from Bombay for the figures—have taken out a table and I did not know before what an ill-used person I am. I notice that for persons having an income of Rs. 600,000 a year, the increase in tax in 1932-33 as compared with 1930-31 is only 45 per cent. But if you take the increase for persons drawing Rs. 15,000 a year, which is the datum line for the Europeans, you will find that the increase in the same period, that is between 1932-33 and 1930-31, is 100 per cent.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): It is the Millowners' memorandum, I think.

Mr. C. Brooke-Elliott: I am very much obliged to the Millowners' Association for compiling the table from which I quoted. It came from Bombay. It was handed to me by one of my Bombay friends. I should like to congratulate the Millowners' Association on having given us such very clear tables of increases of taxation. Now, Sir, yesterday the Honourable the Leader of the House said that there was a popular expression about "taxation to extinction": and he put the argument that so long as the man was there and actually had an income over Rs. 1,000 and paid the tax, where was the extinction? Frankly, Sir, I rather

hesitate to break a lance with the son of such a redoubtable father, and with such a knowledge of finance as every Scotchman has bred in him—and an Irishman unfortunately has not. But may I put this question to him? Supposing the taxation kills the business. The man may be living. He may retire and go and live on the dole at home. But you have killed thereby the golden goose that lays the fiscal egg; and it does seem to me that if you do kill the golden geese that lay fiscal eggs, you are taxing the geese, and possibly men, to extinction. The point simply comes to this. Up to a certain point the camel will carry the burden. Finally comes the last straw that breaks even his back, and I must say that you are getting very near the last straw in income-tax.

Let me give two other brief examples of the dangers of very high duties. Take the duty on imported paper. Let me offer my Honourable friend a constructive criticism. I am not destructive. I am trying to help him. What has been the case with paper? In Madras a certain publishing firm—I got the figures first-hand; I guarantee them—used to spend something like Rs. 5,000 to Rs. 7,000 a month on printing, and that was a very nice source of employment to a firm of printers in Madras. The paper duty has now risen to such a height that what happens is this. The publishing firm in question sends the manuscript of the book to England. It is printed in England by English labour, and then that book printed on the paper which would have been taxed very high comes into India free of any duty, because it is a printed book and therefore subject to no duty. Now, Sir, what is the result? What about the literary goose? Has not that been taxed almost to extinction from the fiscal point of view? Instead of paper coming in and paying duty, the publisher entirely evades it quite honestly. May I tell the Honourable Member a further point? Even with regard to vernacular books we have such excellent writers in Madras that the manuscript is sometimes entirely written out by hand, sent to England, printed by mechanical processes and reproduced, and these books in the vernacular come back again into the country free of duty. Now, may I take one more example which touches some Madras firms very much. The duty on gold thread, speaking from recollection, is somewhere near 62½ per cent. It is true that some gold thread is made in Surat, but I have it on the authority of the Collectorial King of Salem, the Honourable Mr. Todd, that the Surat gold thread when used by the weavers of Salem will not stand the wash. What is the use of a garment which you cannot send to the wash, because the gold lace often tarnishes? Nearly all the gold thread that was imported into Madras was made at Lyons in France and imported formerly through Madras. What has happened now, owing to this enormous duty? The French merchants in Pondicherry import gold thread quite legitimately into Pondicherry. Pondicherry is a peculiar geographical entity. It is scattered about in a number of little *thundus* or bits of territory. The Frenchman in Pondicherry of course sells to anybody who will pay for the gold lace. The gold lace goes out into these little bits of French territory and in the night it crosses the frontier illegitimately without paying any duty. Ask the Collector of Customs in Madras if this is not so. And what is the result? The honest merchant in Madras, who wants to import this gold thread and would gladly pay a reasonable duty, finds that the trade is drying up. The legitimate trade is dried up, and the illegitimate trade is flourishing; with the result that Government are put to greater expense in their

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preventive staff to try and prevent smuggling, because the smuggler gains by 62½ per cent. if he gets lace into Madras, on which he has paid no duty. The result is that there is more expenditure to be incurred by Government, and they lose a large amount of duty. I put these instances forward to prove that if you pile your duties up so high, the incentive to dishonesty is increased not in the mathematical ratio but even higher. I put these two examples forward. I could give others, easily.

Sir, on behalf of the European Group, and I am quite sure on behalf of my Honourable friends on my right, I ask the Honourable the Finance Member if he will give us two assurances. The first is—if during these 18 months ahead revenue exceeds expectations, will Government by executive action lessen the crushing burden of taxation? I would like to mention a precedent. An example of such executive action may be found in the abolition by Sir Basil Blackett of the cotton excise in 1925 when he found that the revenue position justified it. The second assurance I would ask for is—if it is proved that such high taxation results in a decrease of revenue, will Government correct the position by reduction of import duties? Such assurances would go very far to remove the apprehensions that exist today among the people, and would help to reconcile them to facing up cheerfully to accept the present proposals.

A word of encouragement just now to commercial circles in India will be of very great value indeed. Sir, I always try and take what I call a plus view of the situation, and I take a plus view today of the problems of India. If we look back in history we find that depressions in the past have often been steps up to better things. I believe emphatically that hard times with their concomitant strains and stresses nerve the right types of nations and individuals to greater and more determined effort. Men's brains are stimulated, their intellects quickened. We are in India today, and we have been for some time past, undergoing such a hard test. In the end I am convinced we shall be all the better for it spiritually, as well as economically; but we must all stand together, putting away selfish ends and seeking to take those measures that are of the highest common good for India as a whole. You always get the best from human nature when you make a call for common effort, coupled with common sacrifice. (*An Honourable Member*: "Amen".) If we face this emergency, pluckily and smiling, not only will we benefit individually, but countries and peoples will be drawn more closely together by agreeing to the necessary compromises and sacrifices. (Applause.)

Sir Abdur Rahim: Mr. President, we have listened to a very delightful speech delivered by the Honourable Member from Madras, but still I must say it is very difficult for us on this side of the House to ascertain what the action of the British Group is going to be in the matter; we have received no definite proposals or even any lead from that Group up to now. Now, Sir, the main problem that faces us today in the serious position in which we are placed, is how far and to what extent can the Budget be balanced by retrenchment and to what extent the gap has to be filled, if at all, by extra taxation. That question is linked up intimately with the other equally vital question, and that is whether the limits of taxable capacity of the people have or have not been reached. Sir, the

position which we take up on this side of the House is that the Budget can be made up, if not entirely at least to a very large extent, by retrenchment of expenditure of the Government of India, both on the military and on the civil side; and it is upon that point I wish to concentrate attention. Our position further is, as regards the second proposition, that you have reached the limits of taxable capacity; you have tapped all the really available sources of taxation. As regards this point, the figures given by the Honourable the Finance Member as regards the decline of the receipts compared to the estimates is perfectly convincing proof and no further proof, I submit, is necessary on that point. The estimates, or rather the expectations, to use the language of the Leader of the House, have been disappointed; I should like to add an adjective to that—grossly disappointed. Sir, if that be so, then the main method by which the Government should endeavour—and should endeavour by all means in their power—to put the budgetary position in proper order is by retrenchment. These estimates, as has been said, are more or less guesses; and after the experience which the Honourable the Finance Member had during the last few months, rather in the course of the year, I submit it is totally unsafe for Government to rely on further estimates of that character in order to put their budgetary position right. The only sound principle by which Government have to act on an occasion like this is that stated by the Honourable the Finance Member himself in his statement on the financial position at Simla; I shall remind him and the House of what he said:

“I feel that Honourable Members are entitled to ask for this, and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line, because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a certain improvement, but any improvement that we seek to make by increasing taxation depends entirely on our estimates being realised and, in the present conditions, with reduced purchasing power, and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are, to say the least, highly uncertain.”

He has given a list of the articles on which customs revenue has declined; looking at that list, excepting betel nuts, which may well be presented to the other side, customs revenue has declined on every article and declined very largely. What then are the reasons for expecting that customs revenue will show a climb upwards now? Has the Honourable the Finance Member given us any facts to justify any such expectation? I know at the end of his speech at Simla he struck a more cheerful note; but even that was very guarded, as it ought to have been. At any rate, he has not told us upon what materials, upon what facts and figures, is his optimism or the commencement of his optimism based. On the other hand, we have been advised in the General Purposes Sub-Committee that the trade position and the revenues from customs are not likely to revive for some years to come. I am told that as a matter of fact, the Government of India sent some specimen budgets to England in connection with the Round Table Conference and the Federation proposed. I further understand that they calculated that decline in revenue or the deterioration in the financial position generally was likely to be of a more or less lasting nature. Is that correct?

The Honourable Sir George Schuster: May I ask my Honourable friend what he is referring to?

Sir Abdur Rahim: I have been informed that certain specimen budgets were sent by the Government of India to England in connection with the federal proposals. Is that so or not?

The Honourable Sir George Schuster: My Honourable friend is at liberty to see exactly what we did send in that respect. I was asked by my Honourable friend, the Deputy President, the other day whether those documents could be made available. As far as we are concerned, anything that was distributed to the Round Table Conference can be obtained by Honourable Members here. I can explain to the Honourable the Leader of the Independent Party that we prepared a memorandum on Federal Finance. We tried to make that as useful as possible by showing exactly what was the framework of the problem. In order to show what was the framework of the problem, we gave certain specimen figures, but these were not in the least intended as reliable prophecies of what the position might be in a year or two's time. I myself do not recollect exactly what figures we gave, but my Honourable friend is certainly not entitled to argue from anything that was said there that we disclosed a view on what was likely to be the course of trade. My recollection is that we said everything of that kind must be treated with extreme caution and that just at the present moment it was almost impossible to work out a practical plan of federal finance because all the factors were completely uncertain.

Sir Abdur Rahim: I take it at any rate that the position is this: that they are not in a position to estimate with any degree of assurance what the future is likely to be so far as the financial position is concerned. Then the only prudent course is to proceed upon the basis laid down by the Honourable the Finance Member himself.

Now I come to my theme of retrenchment. As Chairman of the General Purposes Sub-Committee I may say we had to review the entire expenditure of the Government of India except the military and commercial undertakings like the Railways and Posts and Telegraphs. We have already proposed reduction of expenditure in the field covered by our first interim report to the extent of 121 lakhs, which amounts to 37 per cent. of the total expenditure under those heads. The Government have accepted, out of our proposals, recommendations to the extent of 31 per cent., that is 101 lakhs. We have been supplied now with a list of the proposals made by the Government of India as regards the recommendations contained in our first report. We do not claim that every single item of our recommendations should have been accepted: it was repeatedly impressed upon us that ours was an advisory committee. We accepted that position. But we made it absolutely clear, when we took up the task, that our proposals, so far as the schemes of reorganisation are concerned, ought to be taken as a whole. I must say at once that in some very important matters the Government have very substantially modified our proposals. I will give one instance. We all know that Education, Health and Medical are transferred subjects: that is, they are subjects which have been made over to the charge of Ministers responsible to the Legislatures in the provinces. But we find that, although these are transferred subjects, certain expensive establishments are maintained in the Government of India in connection with Medical and Health, far more expensive than could be warranted by the fact that there are certain all-India problems of health which are the responsibility of the Government of India. Take for instance the Director General of the

Indian Medical Service. As every one knows, the Indian Medical Service is a department of the Army. They are mainly or primarily recruited for the Army, but the members of that service are posted in the provinces and they work in the provinces, and yet we have in the Government of India on the civil side an expensive establishment with the Director General at the head and with a well paid staff. On the Army side also there is a similar officer and further, questions like those of recruitment to the medical services like other services are mainly dealt with by the Public Service Commission. The Inchcape Committee, so far back as 1923-24, reported that there was no justification in keeping up such expensive establishments in the Government of India. That recommendation was turned down, and today also although the provinces have advanced a good way towards self-government, in those branches we find that this establishment is still maintained. We proposed that it should be substantially curtailed, but the Government have not seen their way to accept this proposal. Take again Public Health. The Government of India maintain a Public Health Commissioner, a highly paid officer with his staff, and yet it is a provincial subject transferred to the charge of Ministers. No doubt there are certain international obligations, the responsibility for which lies with the Central Government. But we pointed out that it was not necessary for the discharge of those obligations to maintain a highly paid staff in the Central Government. It would be quite enough for those and similar purposes to maintain a medical adviser with a very much less expensive staff. That proposal of ours was also turned down.

Some mention has been made as regards the Council of Agricultural Research. I think Mr. Brooke-Elliott suggested that that Council ought to be abolished altogether. I am afraid my learned friend is not really familiar with the facts. The Imperial Council of Agricultural Research came into existence upon the recommendation of the Linlithgow Commission, a Commission which devoted very considerable time and labour to consider the means that exist for improving the agricultural resources of India. The Government of India, after fullest deliberations, accepted that proposal and instituted that Council. We went into the matter very carefully and recommended not only that the Council must be maintained, but by placing all institutes for Agricultural Research under that Council, a considerable saving in expenditure could be effected; but that proposal of ours has not been accepted. We have got, for instance, the Pusa Institute. What reason can there be for the Pusa Institute not being under the Imperial Council of Agricultural Research? What justification can there be for additional experts, agricultural and veterinary, being entertained in the Government of India itself? The Imperial Council of Agriculture with its advisory and governing bodies have adequate arrangements for the representation of experts on different subjects, and the Government of India have at their disposal enough experts through the Imperial Council for advising them on matters of agriculture and veterinary.

Then we proposed the abolition, or at any rate the placing on the Army estimates of certain institutions like the dairy farms at Karnal and other places which are really maintained for the benefit of the Army. That has not been done either. I fully recognise that Government in accepting 31 per cent. of the recommendations of the General Purposes Sub-Committee as made in the first report have gone a good way in carrying out proper retrenchment, but we are confident that Government could have safely gone further and accepted all our proposals in these

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matters. We do not say that in one or two small matters we could not have made mistakes; we do not claim infallibility. As a matter of fact, however, I do say, having examined the various departments, there is still room for further economies which we could have shown if we had the time and the opportunity to go still more deeply into matters.

I have omitted to mention the case of the Survey of India. Now, that department has been in existence for I think nearly 80 years or more, and we had evidence given before us that the Department practically surveyed every inch of ground in the whole of India and Burma. But the case of the Department is that new methods have come into existence, new instruments have been devised for the purpose of more accurate surveying. We do not doubt that, but what we were not convinced about was whether there was really any need for going over the same ground and making more accurate maps of the whole of India. We came to the conclusion that, for all practical purposes, the needs of Railways and Irrigation Departments have been fully met; the maps that have already been produced by the Survey of India are quite sufficient. It is perfectly true that in some tracts of the Frontier more accurate maps had to be made. We made ample provision for that,—I think we provided 14 lakhs for that purpose so far as the military purposes proper were concerned, but I do not know how the Government of India have come to the conclusion that that is not enough. They have deducted out of the reduction we proposed another 7 lakhs, and I submit, so far as the Survey of India is concerned, 14 lakhs is more than ample for the work that is left. We wanted to know as to why they wanted such accurate survey over again of the whole of India, and the answer was—supposing there are internal troubles, you must know what trees have grown up in the meantime, what ditches now exist which did not exist before and things of that kind. I submit that in this financial crisis, in this extreme financial stress, it is not justifiable to maintain an establishment of that character for that purpose. Not only we, but even the Incheape Committee, had evidence that tons of maps are produced which are not sold and which have to be burnt periodically. What justification is there, I ask, for maintaining any large parties of Survey of India except for certain areas on the Frontier? I claim, therefore, that the entire reduction we proposed under this head ought to be restored. Another point is this. The Survey of India is really maintained for military purposes. Why should their estimates be on the civil Budget? This is not the only instance. I could give the House several other instances. As for the Army. What the House is supplied with as the military Budget is only 55 crores; that is not the fact. There is much more which is hidden here and there in the civil Budget.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): The invisible military Budget.

Sir Abdur Rahim: My friend, Dr. Ziauddin calls this the invisible military Budget.

Now, as regards the second inquiry, the facts are these. We have not been able to submit our report because of some misunderstanding. We were informed at Simla that it would do for the purpose of the Honourable the Finance Member if we could give him the figures of our proposals before the 1st of November, and we had on our Committee an officer of the Finance Department, Mr. Nixon. We did, as a matter of fact,

complete our enquiries, I think, on the 30th October, and Mr. Nixon was there, and I believe he had the figures with him. That was all that was expected by the 1st November. But for the fact that the official Secretary, Mr. Shah, was unable to come down to Delhi, the report might have been completed by this time, but the figures are there. Our proposals are complete and those figures show, as the Honourable the Finance Member knows, that we have proposed a reduction in expenditure to the extent of Rs. 155 lakhs out of a Budget of a little less than Rs. 800 lakhs. In this second enquiry we have examined nearly 50 Demands and the percentage of reduction would be about 16 per cent. Now, in his speech in Simla on the financial position and also here, the Honourable the Finance Member told us that in dealing with these subjects, which he calls administrative and revenue collecting subjects—and they are mostly of that character—we should apply the same principles that we applied in dealing with the subjects covered by our first report. I wish to assure him and this House that we have applied exactly the same principle, and that principle is not to destroy or even to cripple or reduce the efficiency of any department of the Government but only to reduce expenditure to the minimum amount sufficient to carry on their activities with reasonable efficiency. I agree entirely with the Honourable the Finance Member that, by such pruning, efficiency will not be injuriously affected, but it will in fact be increased. That is the principle on which we have acted throughout.

Now, as regards the administrative departments, there seems to be an idea in the mind of the Honourable the Finance Member that we ought to touch them as lightly as possible; otherwise the administration would be in danger. I want now to tell the House what are the conclusions we have formed as regards these administrative departments. The constitution of the administrative side of the Government of India is this. We have got what is called the Secretariat proper, sometimes called departments proper, that is to say, under an Honourable Member of the Council in charge, there are the Secretary, Joint Secretary, Deputy Secretary and some other officers—more or less minor officers—with their necessary ministerial establishment. That is the Department or Secretariat proper. There are six such departments, but that is not all by any means. We have got what are called attached offices, subordinate departments, subordinate offices, branches or sections. It is rather a technical distinction, it is a somewhat hair-breadth distinction—between what is a department, what is an attached office, what is a subordinate office. It simply turns upon the question of the exact status or the exact amount of salary drawn by the staff. These offices, I wish to mention to the House, are fully staffed. All these subsidiary, ancillary offices, or whatever you might call them, have highly paid officers at the head, either called Director General, or Director, or Members of a Board, and they have well paid staffs, that is in addition to the Secretariat proper. Now, I will give you a list of some of them. Take for instance the Home Department. For dealing with the question of services, recruitment, discipline, and certain questions of pay such as Lee concessions, promotion, etc., you have got the Public Service Commission. It is a very important function of the Home Department—the administration of all-India services. This Public Service Commission consists of one President, Sir Ross Barker, on a salary of Rs. 5,000, 4 Members on a salary of Rs. 3,500 each a Secretary on Rs. 2,000 or more and you may take it they have a fully

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staffed establishment. Now, they deal with all important questions regarding the services. The Public Service Commission itself admitted to us in their memorandum and through their Chairman, who appeared before us, that they could very well do with three Members,—a suggestion which was made to them—one European Member, one Hindu and one Muhammadan. He even went further and said that, so far as the work was concerned, even one Member might suffice. But whatever that may be, we do not know yet whether the Government will accept our proposal or not. Doubts were expressed to us as regards that proposal of ourselves. Then in the Home Department we have a Bureau of Public Information. It is somewhat difficult to define the functions of that Bureau. It is a new institution like the Public Service Commission; it did not exist before. The work which is done by this Bureau used to be done in the Home Department itself. It has got a Director, a Deputy Director and an establishment of ministerial officers. The functions of the Bureau, we were told, were to collect information and supply it to Government regarding public activities, and also to give publicity to the views of Government through newspapers. They publish an annual book called "India", of which every Honourable Member gets a copy. So far, therefore, as that activity of government is concerned, the Secretariat of the Government of India has got a very well paid separate establishment. Take the Intelligence Bureau. That has got a Director General at its head, and the function of that Bureau is to watch certain kinds of activities throughout India, political and other activities which in any way affect law and order in the country. That also is a very well staffed branch, so that it ought to reduce the work of the Home Department in that connection. As regards constitutional questions, since the idea of reforms was started, we have had, and we have now, a separate Reforms

1 P.M.

Office, which also is entirely self-contained. That deals with all questions relating to constitutional development which are now being dealt with at the Round Table Conference. So far as that important and heavy work is concerned, the Home Department is relieved of it. Then there are the Demands under the Viceroy's staff and his household. We all know, there is a Military Secretary and his establishment, the Private Secretary and his establishment, and there can be no doubt whatever that they are perfectly competent to deal with questions that arise in that connection.

In the Commerce Department we have the Railway Board and you know how expensive it is. It consists of five Members, on a salary of Rs. 4,000 each, and they have a separate Financial Commissioner of their own. We have got a separate Tariff Board to deal with tariff questions. All applications that are made for tariffs are sent to the Tariff Board for inquiries. Then we have the Commercial Intelligence and Statistics Departments to supply information as regards the movements of trade and business. They also have a separate establishment of their own. Then for shipping matters which is under the Commerce Department there are a Nautical Adviser and a Chief Surveyor. Again we have also here in Delhi and Simla, the Chief Inspector of Light Houses and light ships. We have the Actuary and his establishment to deal with questions relating to insurance and other actuarial work. All this is in addition to the Secretariat proper.

Now, take Industries and Labour. We have the Posts and Telegraphs in charge of the Director General of Posts and Telegraphs and his staff, and they have in addition a Financial Adviser, a highly paid man. Then there is the Chief Engineer in charge of Public Works. The Geological Survey, the Dhanbad School of Mines, Meteorology, Civil Aviation, Indian Stores. All these have their own directorates and staffs with large establishments. Then we have the Secretariat proper. The Department of Education, Health and Lands also is in a similar position. We have got for every department and branch of work a separate office. Some of these have been recent creations. In the Finance Department itself, we have the Military Financial Adviser and a number of other highly paid officers. We have also a Central Board of Revenue consisting of two Members belonging to the Indian Civil Service, men with considerable experience and standing in the service. You have got the Audit and Accounts officers, Currency and Mint, and the Master of the Nasik Security Press, with complete staffs of their own. I do not think the Members of this House will find the Budget of the Nasik Security Press in the Demands for Grants. I think only Rs. 5,000 is given, while as a matter of fact the expenditure on salaries alone for that Press amounts to Rs. 3 lakhs per month. The gross Budget of the Press amounting to lakhs is not shown in the Budget. We have the Legislative Department, whose business is to interpret for the Government of India all Statutes, rules and regulations, and to draft all legislative Bills. They also administer the establishment for the Council of State. Then we have, as you know, the Legislative Assembly Department which is self-contained.

Now, we in the General Purposes Sub-Committee have examined as carefully as we could the work of these departments and the various agencies that exist for doing that work and we have come to the deliberate conclusion that there is considerable duplication of work, largely due to over-staffing. We do not suggest for a moment that the officers have not enough work to do or the clerical establishments have not enough work. As a matter of fact with the multiplication of officers and offices, the work tends to increase. It is a natural tendency and that is what we have found. I have told you of the official agencies that exist for transacting Government business in the Government of India, but there are other agencies also. You have been told, and rightly told by Mr. Brooke-Elliott that these commissions and committees of inquiry cost a great deal of money. I think his figures were not quite accurate. In the last ten years these commissions and committees of inquiry have cost 150 lakhs and not 200 lakhs.

Mr. O. Brooke-Elliott: I spoke from the figures supplied to me, but I will accept the correction.

Sir Abdur Rahim: That is my recollection. It is between 150 lakhs and 200 lakhs. Now, as regards the administrative departments, we had very valuable evidence on this point. I was not speaking through my hat, when I say that there is considerable duplication of work. I am relying on the evidence of a very important body of officials, namely, the Public Service Commission. This is what they say:

"In most matters of importance with which the Public Services Commission deal, it would appear to them, as far as they can ascertain, that after the matter has been most elaborately considered by five members of the Commission, it is considered *ab initio* in the Government offices."

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We came to the conclusion that there could be no justification for a procedure of that kind,—and it is a procedure of that nature that leads to expense, to the waste of time of officials and, I am confident also, to loss of efficiency. Sir Ross Barker who appeared before us confirmed this statement, and he was strongly of opinion that such duplication ought to be avoided. What is the good of having such eminent men in charge of such a department—men of eminence in the public life of England and here, and men with trained experience some of them drawn from the services, if all the work that they do after considerable investigation has to be gone through every time in the Secretariat? I am sure the House will enter a strong protest against such a procedure and will agree with the conclusion arrived at that this is not an isolated instance but it is inevitable in the present circumstances. It is that, Sir, which we want to stop. You will find also that in the offices themselves you have got relays of officers. What is the result? The result is endless and interminable noting whatever the rule may be. The rule I think is that there ought not to be more than three notings; at any rate that is the understanding, but in practice the system of noting goes considerably beyond that. What then is the remedy? We have not proposed anything too radical. All that we have suggested is, let there be greater decentralization—not in the sense of new rules or new offices; not that. I say, “Trust your offices more, trust your subordinate ancillary and subsidiary offices more”. And if you trust them more, then there will be very much less work in the Secretariat; and if the higher officers again trusted their junior officers, who belong mostly to the same service and possess identical qualifications and have similar experience, a little more, then the work will be still more simplified and you will not need such heavy staffs.

Now let us take reports of commissions and committees of inquiry. You know most of these commissions and committees of inquiry are very carefully chosen either in England or in India. In many cases we have very eminent men at the head and as members, but what happens? Their report is made after considerable inquiry. The Commission examines a number of witnesses all over India, they inspect a number of institutions which they have got to do for the purposes of their inquiry, and then, after considerable deliberation, they make their report. Then it goes to the Secretariat. The whole thing is examined elaborately and in detail from beginning to end. I ask, what is the good of appointing these expensive commissions and committees of inquiry if the whole of the work has to be done over again in the Secretariat without the Secretariat possessing any of the facilities which these commissions and committees of inquiry enjoy? (Applause.) And who are the men? Without any disrespect to the members of the Secretariat, I say they have not got the opportunity and they cannot properly and adequately deal with the subjects which were in fact for that very reason, relegated to special commissions and committees of inquiry. The procedure which we have suggested to the Government is this, and I hope the House will support us there, that you must trust these commissions and committees of inquiry as subsidiary agencies of Government, and not as hostile bodies. If you adopt that attitude, the procedure would be very much simplified, but if you adopt a different attitude, namely, that these men really do not know their work, and you must do the work over again, well, then

of course a considerable amount of public time and money must be wasted, and that is exactly what happens. I am not saying this except upon evidence that was given before us. We were told, for instance in the case of the Labour Commission's Report, which is a very important document, that, when that goes to the Government, it has to be examined in detail and elaborately before the Government can come to its conclusions. We are perfectly aware that it is the responsibility of the Government to accept or to reject the proposals of these commissions and committees of inquiry and to take such action upon them as they consider best. But what is the use of these commissions of inquiry unless the Government accept at any rate their main recommendations? No doubt the Government will have to see what are the financial results, and what would be the political effects, and to that extent the Government would be perfectly justified in examining carefully the proposals emanating from these commissions and committees of inquiry, but they have no business to go into the matter in meticulous detail, especially as regards the findings of fact, which ought to be accepted without any hesitation whatever. In cases where there is a difference of opinion, then no doubt the Government have to consider which opinion or which recommendation they should accept. But beyond that, they ought not to go. That however is not the procedure here. So far as the evidence we have received goes, it is clear that in that way also, if only the Government trusted these agencies a little more, a great deal of public money and time would be saved.

Mr. President: May I know how long the Honourable Member is likely to take? If the Honourable Member is likely to take more time, I will adjourn the House for Lunch now and the Honourable Member can resume afterwards.

Sir Abdur Rahim: I shall take a little time, Sir.

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

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

Sir Abdur Rahim: Sir, I have been dealing with the possibilities of economy in the Government departments and I have tried to show that there is considerable duplication of work and considerable over-staffing in almost all departments of the Government. It has been suggested that the increase in expenditure is greatly due to the introduction of a democratic form of government. To some extent that accounts for the increase in expenditure. But the real cause is not the introduction of a democratic form of government, but it is the clash between the two systems, the official system and the democratic form. The natural result of such a dual system is that the official Government tries its best naturally to entrench itself behind as many officials as possible. It is a natural tendency of all Governments to strengthen their position. The popular element such as it is in the Government, for instance, the Legislative Assembly, the Commissions and Committees of Enquiry, on the other hand, want to assert an authority of their own with the result that there is a clash and conflict of interests and the result is an increase both in

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the staff and in the expenditure generally of the Central Government. Now, Sir, I have suggested to the House that if all these popular elements in the Government are on the other hand considered as so many helpful agencies, then in that case there would not be any clash and there would be no substantial increase in expenditure. Therein lies really the root of the present growth of expenditure, and I submit that the only remedy is in change of outlook and attitude on the part of Government.

Something has been said about the revenue collecting departments. It has been suggested that if we made a substantial retrenchment in the staff of these departments, such as the Central Board of Revenue and the establishments in the provinces, the Income-tax Department, the Customs, the Northern India Salt Revenue, Opium, etc., then in that case the Government revenue will suffer. There is a fallacy in an argument of this sort. We do not wish to make any retrenchment which will make the revenue suffer. We want to leave enough staff for the purpose of collecting the revenue. All we want to do is to cut out any redundant staff that in our opinion exists in these departments and I do not see what possible objection there can be to such a reduction. On the other hand, if the staff is reduced to its proper size, the departments will work much more smoothly and more efficiently. Now, there are certain items in the budgets of some of these revenue collecting departments which might interest the House. In the Customs Department, for instance, a certain class of officers has got occasionally to work overtime if there is pressure of work. Ships come in at night, they want to unload their cargo and the Customs officers are required to see to their work at night. For that purpose this class of officers is paid overtime. The overtime charges are paid by the ships, and they amount to something like Rs. 12 lakhs. The House will hardly believe it, but all these payments go to the pockets of these officers. Now, these are not men who are employed for the occasion, for that particular job. They are permanent servants of the Government and at times they have not got enough work during the office hours. If they are sometimes employed after the office hours, is there any justification to give them extra emoluments to an extent like this? Why? Almost every officer of Government at times has got to work beyond his office hours. Members of Government, Judges of High Courts and many other officers have got to work beyond office hours. Is there any such principle that they have to be paid extra remuneration for those extra hours of work? There is another item in which there can be a considerable saving.

Now, I have given you a slight sketch of the establishments in India itself. Now let us look to England. We had formerly only the India Office to deal with all matters which had to be dealt with in England. Now the High Commissioner's Office has been established to take over certain departments of work of the India Office, the agency work. What do we find now? The Budget of the High Commissioner is going up by leaps and bounds, and we find no proportionate reduction in the Budget of the India Office. On the other hand that is also going up. What justification can there be for such a state of things? And mind you, it is no small amount. It amounts to lakhs, quite apart from the capital expenditure that has been incurred in connection with the new building. This is a tale, Sir, you find throughout the Government of India, and if the Government of India retrace their steps and they regulate their

expenditure to a scale which will be met by the normal revenues of the country, then in that case there will be no necessity—I say confidently—for extra taxation.

There is one item which I wish specifically to mention and that is the charge for the Ecclesiastical establishment. We have got an established Christian Church in India. That accounts for about Rs. 32 lakhs a year. Now, it is the established policy of the British régime in this country that the Government must observe strict religious neutrality. I ask Government, is the maintenance of an ecclesiastical establishment and an established Anglican Church consistent with that policy of neutrality? There can be no two answers to that question. What justification can there be that you should maintain an establishment called the ecclesiastical establishment? You do not maintain any such establishment for the Hindu or the Muhammadan religion.

Mr. A. H. A. Todd (Madras: Nominated Official): Is it not a fact that the British Government confirmed a very large number of *inams* and endowments both for Hindu temples and for mosques all over the country? Every village seems to contain large numbers of *inam* lands; which are endowments for religious establishments.

Sir Abdur Rahim: Those *inams* were not given by the British Government. Was that confirmation in pursuance of a policy of religious neutrality? Does the Honourable Member know what those *inams* were for? They were not for any established church in India at all, either Muhammadan or Hindu, but they were given to certain monastic establishments or saints, Hindu and Muhammadan. They were in the nature of personal gifts. If my Honourable friend knew anything about those *inams* he would know that they had no connection whatever with what might be called the Muhammadan Church or the Hindu Church. The *wakfs* meant for the performance of religious services in mosques and temple are not analogous to the Christian Church; they were never maintained by the State. I say the ecclesiastical establishment is a flagrant violation of the policy of religious neutrality, and therefore

Mr. A. H. A. Todd: Even now large cash payments are made by the Government towards the maintenance of temples.

Sir Abdur Rahim: I will not accept that statement unless the Honourable Member can give us figures. There may be some Maulvies being paid a few rupees a month here and there, but I suppose the total will not come to more than a few thousand rupees.

Mr. A. H. A. Todd: One religious establishment alone in my district is paid Rs. 1,400 a year with reference to one particular temple.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): How much land did that temple own before the British Government agreed to pay Rs. 1,400? We know that the Srirangam temple owned lands which produces Rs. 2 lakhs a year and the British Government pay only Rs. 35,000. They would not grant Rs. 50,000 for even the repairs to that temple which is crumbling.

Sir Abdur Rahim: Perhaps the Honourable gentleman is not aware that the Government took over the administration of certain temples and mosques, but that was not property given by the British Government. That policy was soon reversed and people have been left—Hindus and

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Muhammadans—to administer their own *wakfs* and *debutter* properties. I think my Honourable friend is mixing up these cases. There never has been any such thing as an established church, Hindu or Muhammadan. This is the first instance; and what is it? the established Anglican Church. . . .

Mr. H. Montgomery (Bombay: Nominated Official): The question is a financial one. It is a question of the comparative amount of money paid by Government for the upkeep of religious establishments.

An Honourable Member: Where are the other religious establishments?

Sir Abdur Rahim: We are told that part of this is on account of the Army. We asked the Commerce Department, which is running this ecclesiastical establishment—I do not know what is the connection between the two

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Because it has a commercial value! (Laughter.)

Sir Abdur Rahim: to give us what was the cost with respect to the Army—the Army Chaplains: but they told us it was not possible to discriminate the two sides—the civil expenditure and the military expenditure—of this ecclesiastical establishment. Anyhow it makes no difference as to how much is spent on the Army Chaplains and how much for the civil establishment. Neither I nor any Member of this House would desire to deprive the Christian officers and other Christians who are in this country of such spiritual ministrations as they may be in need of; but we have very wealthy missionary societies of every denomination throughout India. I am absolutely certain they would be only too glad to take up this religious duty on their own shoulders without any cost to the Government. Besides in Britain itself what is the state of things? Has Scotland got an established church? Has Wales got an established church? What about the Continent? Do you find an established church there? India of all countries has got to maintain an established Anglican church. . . .

Sir Frank Noyce (Secretary, Department of Education, Health and Lands): I should like to correct the Honourable Member on one point. Scotland most certainly has an established church.

Sir Abdur Rahim: Is it maintained by the State? That is the point. Will my Honourable friend answer that question?

Sir Frank Noyce: I am not a Scot and I should like somebody better qualified than I to answer it. I have no doubt that some Scottish Member on this side could explain the nature of the endowments of the Church of Scotland better than I can. I can only assert that it is an established church.

Sir Abdur Rahim: The whole question is whether it is maintained by the revenues of the State or not.

Mr. J. F. Dyer (Central Provinces: Nominated Official): It is maintained by the State exactly as many Moslem and Hindu religious institutions are maintained in this country.

Sardar Bahadur Captain Hira Singh Brar (Nominated Non-Official): May I enlighten the Honourable Member by saying that in the Army, particularly in the Indian Army, we have got one Maulvi, one Pundit and one Granthi paid by the Government for the religious benefit of the sepoys?

Sir Abdur Rahim: We should be perfectly willing to retrench all that ("Hear, hear" from the Opposition Benches) and I am sure the Indian Army will not miss this loss.

Sir, there is another field of retrenchment inquiry which is still left unexplored by us, and that is the Foreign and Political Department and the minor administrations except Delhi and the Andamans, which we have already dealt with in the course of our second inquiry. Now, the Budget under these Demands comes to about 538 lakhs. Proceeding on the principles on which we have proceeded so far, I think we can clearly expect, as Mr. Brooke Elliott suggested, a good 100 lakhs out of those items. In these departments we have got what is called a military Watch and Ward that alone costs 253 lakhs. Mind you, this is entirely in addition to the large military forces of all arms that are concentrated on the frontier; and these are not shown in the Army estimates at all: these are shown in the Civil Budget.

We have also been asked to deal with the question of fixation of pay for future recruits. That will be a somewhat extensive inquiry, because in the question of salaries for future entrants the provinces also are interested. But we have examined the existing salaries in all the departments we have dealt with so far, and we have come to the deliberate conclusion that in almost every department without exception the salaries are fixed on a scale much too high, from top to bottom; and I am absolutely sure that when that inquiry is made it will be possible to reduce the scale of salaries very substantially indeed and thus reduce considerably the expenditure under those heads.

The reductions in expenditure proposed so far by the different sub-committees have been supplied to the Honourable the Finance Member. Take our first *interim* report. The reductions proposed by us in the General Purposes Sub-Committee amount to 121 lakhs. In the second report they amount to 155 odd lakhs. Then if we take the Foreign and Political Department, the minor administrations, the North-West Frontier Province, Baluchistan, Ajmer-Merwara and Coorg, we should get at least 100 lakhs. As regards the Army expenditure that of course is the crux of the entire situation as pointed out by all the speakers. In calculating what are the economies possible there, we must add to the ordinary Military Budget of 51 crores, other items,—Frontier Watch and Ward, as I have just pointed out, the expenditure on which comes to 253 lakhs, Strategic Railways, the net loss on which I understand amounts to 174 lakhs, the Army Finance Department, with an expenditure of Rs. 7 lakhs, the Army Department costing another 7 lakhs or a little more; then we have also what you call the railway concessions for the Army, which are calculated to amount to about 80 lakhs; the Survey of India, the greater portion of the work of which is done for the Army, must also be added to the military. Then we have to take into account substantial extra expenditure on account of the Army in the meteorological and wireless services of the Government. If you add all these, you will find that they amount to a substantial addition to the Military Budget. Altogether we should not be far wrong in saying

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that the total Military Budget, taking all these items into consideration and others which I have not mentioned, would be something like 60 crores at the lowest. Out of these 60 crores, what has been really proposed is a reduction of about $4\frac{1}{2}$ to 5 crores. We on this side of the House are convinced, and I believe Honourable Members of the European Group are also convinced, if I followed their speeches aright, that there is considerable room for further reduction in the Army Budget. The pre-war Army Budget was about 25 crores. Then it suddenly swelled up until the Inchcape Committee brought it down, or rather proposed that it should be brought down to 50 crores. Mr. Moore has given us one argument why he thinks there may be further reduction in the strength of the land forces and that is the advent of the air force. It seems to me that that is also certainly a proposition which the military authorities might well consider. Further, as regards the ancillary services of the Army, there is much scope for further reduction. We think that if the Army Budget could be brought down, say to 40 crores, we should still be on perfectly safe ground. That would not need even any very drastic reduction of the strength, but we do think that the strength of the forces can bear a certain amount of reduction. If we bring down the Budget of the Army to 40 crores, then we shall have gone a good way to provide about 26 crores or more towards the deficit. In that case the rest of the gap that is to be filled will be very much narrowed. I have already said that, given a further opportunity, it would be possible to reduce the ordinary expenditure on the civil side of the Government still further than we have proposed. If you add to these reductions the miscellaneous items, then in that way you will get more reduction. As regards the cuts in pay for instance, the total salaries on the civil side amount to Rs. 9 crores, that is, including officers and establishments. The Government have proposed a uniform cut of 10 per cent. Now, if you have a uniform cut of 10 per cent.,

3 P.M. then it comes to somewhere near 90 lakhs, but the Indian Members generally favour a graduated scale. The Honourable the Finance Member has told us that a graduated scale must necessarily mean a reduced financial gain, but that is basing his calculations on the proposals which certain Members made in the Retrenchment Committee. It is a question really of principle whether the scale of cut should be uniform or it should be graduated. Does it necessarily follow that if you have a graduated scale of cut, the reduction in expenditure will be smaller than by a uniform cut of 10 per cent.? Of course, it does not. What you will have to do is, and what will meet the demands on this side of the House, is that you have to slightly increase the scale of reduction in salaries in the higher grades, because the salaries in the higher grades as they stand at present are high enough to bear such a cut.

The General Purposes Sub-Committee proposed that the pensions payable in England should pay income-tax according to the Indian Income-tax Act. My friend, the Finance Member, says that this is not feasible,—that it is not possible,—I think that was his language. I fail to understand why it should not be possible or feasible. The Act says that on the payments of salaries and pensions the income-tax ought to be deducted at the source. These pensions are paid out of the Indian revenues. What justification can there be for not deducting the income-tax at the source as in the case of pensions drawn in India itself? The information given to us is—and I believe it is a fact—that the Government had to issue a special notification to exempt these pensions from payment of

income-tax. Is that fair to the Indian exchequer or to the public of this country? Why should men drawing pensions here pay income-tax, and why should men who happen to draw their pensions outside India not pay income-tax? If you levy taxes on pensions payable in England, we can get an amount equal to something like 75 lakhs per annum. I am not quite sure I am speaking from memory—but that is my recollection.

Then as regards the leave salaries also—I forget the exact figure,—that will also bring in a considerable sum. If the pensions and leave salaries have got to pay any tax in England, arrangements could very well be made, as is done in some cases, with the authorities in England to have a fair distribution. That is done with respect to mercantile incomes, and so I do not see why it should not be done in the case of pensions and leave salaries. Why should India, especially in these hard times, lose any portion of her revenue that can be had under the Act?

As regards the Lee concessions, a calculation was made by a member of the Finance Department, and the figure he gave was, I believe, 175 lakhs, that is the total value of the concessions. . . .

The Honourable Sir George Schuster: A crore and a half for the Provincial and Central Governments combined.

Sir Abdur Rahim: I am glad to be corrected. Now, the Budget that is placed before the House does not give you any idea. I do not think the Lee concessions are even mentioned anywhere. You cannot get from a study of the Budget figures, study them as much as you like, any idea as to what is the nature of these concessions, what are the various forms of these concessions, or what they amount to under different heads; these things are not disclosed in the Budget. But supposing that figure is correct, is there any reason why in these hard times these concessions should be retained? When the Lee Commission was appointed, we all know that the prices had gone up considerably and the cost of living had accordingly gone up, and that was the main justification I saw for the appointment of the Lee Commission and for the recommendations which they made at the time. Those conditions have changed entirely; prices have gone down even below the pre-war level, and yet these concessions are retained. When I refer to this question, there is no question of class or race. There are many Indians who get the Lee concessions also. As a matter of fact, under our retrenchment scheme generally many Indians will suffer ten times more than Europeans, but in making our proposals we have not taken into account any question of race or class; we merely wanted to save the financial situation. These Lee concessions assume different forms like increased pay, passages not only for the officers themselves but for their families, and all that. No doubt, so far as the individuals are concerned, the loss will be felt by a number of people, but what about hundreds or perhaps thousands of men, at any rate hundreds of men, whose posts are going to be abolished? Will they not suffer more? In the case of the Europeans, they will suffer the least especially men of the services, because they can go back to their provinces, that is those whose posts are abolished in the Central Government will go back to their provinces. So they are well protected. But what about the Indians? Of course, you will give them compensations, but whatever the amount of compensation may be, it can never make up for the loss they will sustain by their posts being abolished.

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Now, Sir, I will make a few remarks about the taxation proposals. In that connection I should like to give some figures to show that since 1928-29 the exports and imports of the country have been gradually and greatly declining. In 1928-29 the exports of merchandise, excluding treasure, amounted to 339 crores; in 1929-30 they dropped to 318 crores, in 1930-31 they fell to 210 crores and in the first half year of 1930 the drop was to the extent of 125 crores, and in the first half of 1931 they dropped to 78. Look at the huge decline. Look at the imports, there is a similar tale to tell. In 1928-29 the amount was 263 crores. In 1929-30, it came down to 249, in 1930-31, 159 crores; in the first six months of 1930, it was 87 crores, and in 1931 it was 66. Now, it is all very well to impose taxes on income, tariffs and all sorts of devices. Where are you going to get the revenue from? The only practicable course is to take the revenue as it stands now and retrench your expenditure to that level; and it can be done; it is perfectly practicable.

As regards the merits of the various taxation proposals, I find that the Leader of the European Group characterised Professor Keynes' statement of the position as regards the different forms of tariffs and other taxation proposals as something absurd and said that he was speaking through his hat. That was a reflection also on the Honourable the Finance Member who quoted the Professor's dictum with approval. Is it not clear to the meanest common sense that you can have taxation proposals which will be injurious to the interests of the country, and you may have other proposals which may benefit the country? Mr. Moore said that all taxes are bad; some are worse, like Scotch Whisky. I do not know whether he used the word "Scotch", but he did use the word "whisky"; and perhaps he meant Scotch. If you tax articles on which the industries of the country depend, you necessarily hamper and handicap those industries. On the other hand, if you impose tariffs on goods which are imported into this country and are competing unfairly with the manufactures here, in that case you give an impetus to the industrial development of the country. Now, Sir, that I submit is an obvious proposition and it is on that basis that we are going to examine the taxation proposals. But our first attempt is to see whether the Budget cannot entirely be balanced by retrenchment of expenditure. Expenditure has undoubtedly gone up and Government have to reduce it. If that is not possible and to the extent necessary, we may allow some taxation proposals to go through. My own conviction is—and it is the conviction shared by every Member on this side of the House and I believe by the general public, the Indian public—that the taxation of the country has gone far enough and there is no room for further taxation. We are bound to pay heed to that cry, and I suggest to the Honourable the Finance Member that he ought not to disregard public opinion which is entirely clear and firm on this point. There is a limit beyond which Government cannot go. There is a natural limitation, and I submit that the Government ought not to drive the country to desperation.

Mr. Gaya Prasad Singh: Sir, this is the fag end of the last day of the four days set apart for a general discussion on the Finance Bill. You cannot expect me at this stage to contribute anything very striking or original to the debate. The only reason, for which I have stood up

is to record my protest against some of the proposals contained in the Finance Bill, and I shall try to do so in as few words as I can. In the first place, Sir, my Honourable friend, the Finance Member, whose sincerity and earnestness of purpose I do not for a moment question, has described the present state of the finances of this country as one of national emergency. I am glad, that the representative of a foreign Government has so far identified himself with the affairs of this country as to call the present financial situation as one of national emergency. "National", Sir, is a word which is somewhat inappropriate as coming from the mouth of the representative of a foreign system of Government; but I hope that now when he has used this expression, he will try to place himself in the position of one who has thoroughly identified himself with the national interests of the country.

Sir, I should like to enter my emphatic protest against the salt tax, and the surcharge which is sought to be imposed upon it. Sir, it has been a hardy annual for some Members on the other side to represent the hardship imposed by an increase in salt duty as based on mere sentiment. The correct principle on which a tax on salt could be justified was one laid down by the late lamented Mr. Gokhale when he said that the only proper basis on which a tax could be levied on salt was to derive an expanding revenue on an expanding system of consumption based upon a diminishing scale of duties. The next thing to which I take exception is the import duty on raw cotton. This import duty will, I am afraid, be a handicap to the development of the indigenous textile industry of this country. Similarly, Sir, the import duty which is sought to be imposed upon machinery will also put a handicap on the industrial development of the country. Machinery was on the free list before, and it is now sought to be taxed, to which I take strong exception. The third thing which I object to is the increase in the tax on kerosene. I might suggest to the Government that they should take this opportunity of equalising the import and the excise duty on this article. Kerosene oil is consumed by the poorest of the poor classes in this country, and to impose a tax upon what has become a bare necessity of life is, in my opinion, absolutely inequitable and unjustifiable. I also, Sir, object to the increase in postage rates on postcards and envelopes. I am afraid that this increase in postal rates will, instead of bringing in much additional revenue, have a tendency to diminish the consumption of postcards and envelopes by the public.

Then again I object, Sir, to the imposition of income-tax on incomes of between Rs. 1,000 and Rs. 2,000 per annum. This will hit the middle classes hard, as it will affect incomes of Rs. 84 per month and above. In England, Sir, under the English Act there are exemptions provided, and these exemptions are in favour of one's wife, children and other dependants, who are not liable to be taxed. In India, such an exemption has unfortunately not been provided by the Indian Income-tax Act, and to put an additional burden at this time on a class of people who are least able to bear it is in my opinion inequitable and unjust. These proposals for taxation are absolutely beyond the capacity of the people to bear. This is the proverbial last straw; and if the Round Table Conference, which is on the point of breaking, actually breaks up, and if the Congress launches another campaign of civil disobedience and non-payment of taxes, some of these taxes will, I am sure, afford an admirable field for their activity. From that point of view also it will add to the general discontent of the people.

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As to retrenchment proposals, I should like to state that the General Purposes Sub-Committee of the Retrenchment Committee have done their duty with great care and labour, and I am in general agreement with most of the recommendations contained in the Report, with the exception of only two points. The points to which I should like to take exception are the recommendations regarding Broadcasting and Civil Aviation. Apart from its entertainment value, broadcasting is a great force in assisting the cultural and educational development of the population. I understand, Sir, that about 10,000 licence-owners have invested in sets, radio goods to the tune of many lakhs will remain idle, and Government will be deprived of the additional revenue from customs duties if broadcasting is closed down. I understand that Bengal possesses radio goods to the extent of 10 lakhs, and Bombay also to about the same amount. Radio stocks all over the land come up to the value of 75 lakhs of rupees. I am speaking subject to correction and if the plants which are installed in Calcutta and Bombay are to be sold up, I do not know whether it will be possible to sell them at an advantageous price. I would suggest in this connection that, instead of wholly closing down broadcasting, Government should try an improvement in transmission and the programme, which will induce more people to take out licences and bring in more licensing fees. The second thing which I would suggest is that an effecting check on piracy and unauthorised listeners should be imposed, and the licence fee of Rs. 10 should be a bit increased. After all people who indulge in these radio sets can very well afford to pay a little more than Rs. 10 per year. The third suggestion would be a reduction in the highly paid staff. If some of these and other proposals are carried out, I think it may not be necessary to close down the broadcasting at all, and it may be made self-supporting, if not now at least in the near future. Government have very promptly acted up to the recommendations of the Retrenchment Committee so far as this particular item is concerned. Why have they not given effect to the other recommendations which have been described so elaborately by my friend, Sir Abdur Rahim, in his speech this morning. There seems to be a policy behind retrenchment in closing down broadcasting, and it was given out by no less an authority than the Friend of India, I mean the *Statesman*. A warning was uttered in that paper that broadcasting had already educated the people or may educate the people more than they should be allowed to learn; and the *Statesman* in its issue of the 16th October published a report that the "reasons which have prevailed with the Government appear to be not only those of economy but also those of policy". It was also said that most of the people who listened in did so not so much for the Calcutta or Bombay programmes but connected themselves with the Hague and London programmes. So after all that appears to be the sin for which broadcasting has been shut down by the Government so quickly. If the suggestions to which I have referred are given effect to, I think it may be possible to put broadcasting on a self-supporting basis in the near future without any funds being given to it by the Government. Government undertook to give this system a trial for two years, and it has been shut down before the expiry of the term.

The other thing to which I object is closing down of Civil Aviation. It is a national activity of importance, and we have been told that India is under an international obligation to develop some form of this activity. Scientific activities which are nation-building subjects should be given

a fair chance for development. Indians have been denied opportunities of entering into technical and other activities on the ground that they have not become specialised in those subjects. We have been denied entrance into the engineering and technical sides of the Railways, in the higher appointments of the Security Printing Press at Nasik, and from the technical side of the Army to mention only a few instances, on the ground that we have not had proper training in them. Civil aviation is in its infancy, and to stop all forms of activity in civil aviation is to throw back the progress of the country for years, as it will deprive the Indians of a chance of being trained. The other day, before the Retrenchment Committee made its report, Government purchased four aeroplanes for the purposes of civil aviation, but now there is no buyer to purchase them, and we have to make a present of one of these aeroplanes to His Excellency the Viceroy for his occasional flights. There are no purchasers for the other three, and Government are going to sell them at a loss of more than Rs. 70,000 on each aeroplane. The wonder is that with the curtailment in the activity of civil aviation, besides the Director of Civil Aviation we have at present, we are going to have another high paid officer, a Deputy Director who is very shortly flying out to this country. You are closing down civil aviation and yet keeping and adding to this costly paraphernalia. About 1927 the subject of civil aviation was discussed in this House, and this House committed itself to a general policy with regard to it. If civil aviation is to be stopped or its activities materially curtailed, I think it is only fair that the House should have an opportunity of recording its vote upon it, and it should not be done in a hurry. If the House is of opinion that civil aviation must be curtailed or that it should be entirely shut down, I personally shall have no objection. But it is only due to this House that an opportunity should be given to it to record its vote definitely on this and other issues.

Sir, one proposal of the Government to which I object is the proposal for a uniform cut in the salaries of all Government servants. We are all grateful to His Excellency the Viceroy for having imposed upon himself a voluntary cut of 20 per cent. and we are also obliged to the Members of his Council for having imposed upon themselves a cut of 15 per cent., although I think it might have been a little bit higher in their case without any material discomfort to themselves (Laughter). But this proposal to cut down the salary of other employees by 10 per cent. will hit the poorly paid employees much more than those who are more fortunate in this respect. I would suggest in this connection that the salaries of people getting Rs. 100 and below should be altogether exempted from any cut because it is very difficult for these poor people to make both ends meet. A cut of 10 per cent. from the salary of a high official will mean merely the diminished consumption of soda and the other thing (Laughter) or a curtailment in visits to social clubs and dances and so forth; but even a small cut in the pay of the poorer class of subordinates will deprive their children of education, or it will lead to the deprivation of bare food and clothing or other necessity for his family.

Mr. C. Brooke-Elliott: May I hope that the Honourable Member will drink his extra duty? (Laughter.)

Mr. Gaya Prasad Singh: Will the Honourable Member repeat? (There was no response.) Then, Sir, I do not agree with the Posts and Telegraphs Retrenchment Sub-Committee with regard to their scheme of cuts in this

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respect. Sir, the employees of that Department are a very hard-working and deserving class of people; and of all the departments of Government, speaking generally, the Postal Department is the one against which the public have the least number of complaints. And here I am glad to take this opportunity to record my appreciation of the services done to the Postal Department of India by my Honourable friend, Sir Hubert Sams (Hear, hear), who, I am sorry to say, is shortly going to retire from the service, and I understand that this is the last time that he is with us in this House. Sir, we shall miss his presence very much (Loud applause), but I heartily give him my best wishes in whatever new field of activity he may be engaged after retirement.

Sir, my Honourable friend, Sir Abdur Rahim, has in his exhaustive and elaborate speech dealt with the subject so fully that it is not necessary for me to add anything to it. I find that there are certain heads which could have been very usefully curtailed; for instance, what is called the Secret Service Contingency Fund. Now that Fund is a fund of which no account and no vouchers are kept; and we do not know where the money is spent and how it is spent (*An Honourable Member*: "The Home Member and his department know"), and this, Sir, is a fund which might disappear from the Budget. Then there is the Intelligence Department, and it requires a microscope to find out any intelligence in it, (Laughter) but this department also, which is very nearly akin to the C. I. D. (*An Honourable Member*: "It is the C. I. D."), and is so costly, might also very materially be curtailed. (*An Honourable Member*: "Then who will shadow you"?).

Mr. President: Order, order. Let the Honourable Member go on.

Mr. Gaya Prasad Singh: My Honourable friend, who just preceded me, referred to the expenditure on the Ecclesiastical Department, which is under the control of the Commerce Department. Sir, I do not know whether the commercial and the spiritual consciences of my Christian friends are somewhat indistinguishable, but I would point out that besides this Ecclesiastical Department, which is a costly establishment, there are indirect ways in which proselytising influence is exercised upon the inhabitants of this country. I may mention in this connection what is known as the Criminal Tribes Act. There are scattered in this country a class of persons who are classified as criminal tribes, and they are under the guidance of the Salvation Army, which is a proselytising organization of the Christians. Now money is being paid out, if not by the Central Government at least by the Local Governments for their upkeep. These members of the criminal tribes are sought to be educated and to be brought up as good citizens of the country, as we are told; but all the same I would like to record my emphatic protest as I did on a former occasion to our money being spent on the Salvation Army, which is a branch of the Christian organization, in trying to convert members of other faiths like Hindus or Mussalmans. I shall now speak just one word about the Army Retrenchment Sub-Committee, and here I am sorry to say that the report which they have presented contains very halting, meagre and disappointing recommendations. Sir, they had a fine opportunity of probing into the subject and recommending some drastic and material reductions in Army expenditure. I may read out to you, Sir, the general summary of their recommendations which is at page 105. What they have suggested is an initial saving of

Rs. 2,06,00,000, recurring saving of Rs. 1,80,95,000, and the saving recommended for 1932-33 is Rs. 2,78,50,000. That is all that they have recommended. I am glad to say here that the Government themselves claim to have gone further in the way of retrenchment than the Army Sub-Committee. Sir, the magnitude of the military expenditure of the country is beyond the capacity of this poor and unfortunate country to bear. It casts a sinister shadow across the whole field of Indian finance: and no retrenchment in military expenditure would be acceptable to this House or to the country which does not reduce the military expenditure by 12 crores at the least. Sir, I am glad it was pointed out by some previous speakers that the European Association of Madras, and I believe the European Association of some other places also, identify themselves with this demand for a substantial reduction in military expenditure, instead of new taxes being imposed. Sir, the terms of reference to the committee were sufficiently elastic. It is stated therein that, "In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified". Thus I feel it was quite open to the members of the Retrenchment Committee to have recommended a change in the military policy of the Government, but they have failed to do so. Strangely enough, Sir, the Committee seem to have forgotten this part of the terms of reference when they made the statement on page 4:

"It will be observed that our inquiry is restricted to the administrative and business side of the Army and that the strength and organisation of the fighting services are not open to our consideration."

I do not know whether there is not some inconsistency between the part of the terms of reference which I have read out and the opinion which the Committee have recorded.

Sir, I am sorry to say that the Retrenchment Committee could not be strengthened by the addition of some of those eminent Indians who have made a special study of Army questions, and who are competent to pronounce an authoritative opinion upon some of the Army problems,—a man like Sir Sivaswamy Aiyar or Dr. Moonje. Dr. Moonje was not available, I admit; but the Army Retrenchment Sub-Committee could have strengthened their position by inviting a man of the eminence of Sir Sivaswamy Aiyar, or any other gentleman for co-operation. I find, Sir, that the Retrenchment Committee have given out some certificates, and on page 10, they say:

"It must be recognised that the Army authorities have displayed a keen desire to reduce expenditure on the Army."

This, Sir, is a somewhat incorrect statement of the position. Our complaint is that the Army authorities have not shown a keen and honest desire to reduce Army expenditure to the lowest practical point. On the other hand, they have been lavish in their expenditure beyond the resources of the country; and in giving this gratuitous certificate to the Army authorities, the members of the Retrenchment Committee have done an injustice to themselves. !

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Sir, they have given another certificate to Mr. Bovenschen who was brought out as an Army expert from England. In reply to a question put in this House on the 15th of September last, an unsolicited testimonial was given by the Retrenchment Committee who said:

"As you know, to many of us on the Committee, Army matters were a sealed book hitherto,"
and so on.

They would have been more just to themselves if they had not confessed their ignorance in this indirect manner. Sir, in 1913-14, before the war, the net expenditure on the Army was only Rs. 29 crores; in 1921-22: it rose to Rs. 68 crores. Sir, the fact that the Report of this Army Retrenchment Committee has not been taken to kindly by the public at large will be evident from just one quotation which I will read from one of the leading journals of Calcutta, the *Amrita Bazar Patrika*. It says in its issue of the 15th October:

"The Army Sub-Committee, which was formed on the 26th of May last, have on the 15th September, signed only an interim report recommending a cut of Rs. 2,78,50,000 in the 1932-33 Budget, and a reduction in the salaries on a graduated scale is expected to save an extra Rs. 75 lakhs. The saving which the Sub-Committee recommend is not much. It does not certainly come up to public expectation."

Further on it says:

"A cut of Rs. 3 crores or a few lakhs more in an expenditure of 52 crores will be only a drop in the ocean even if the recommendations of the Sub-Committee are accepted in their entirety. It is no wonder then that the interim report of the Army Sub-Committee has not only evoked no enthusiasm in the country but has sorely disappointed the public."

Sir, I do not want to take up the time of the House any more. There is just one thing. I will ask my Honourable friend to accede to one suggestion which I ventured to make to him in the Standing Finance Committee. My suggestion is, that an opportunity may be given to this House to discuss some of the important proposals of the Retrenchment Sub-Committees. I am not speaking of any particular Sub-Committee, but I am referring to all Sub-Committees, I want an opportunity for discussing some specific and important points. I admit that it is quite impossible for us to discuss on the floor of the House every item of recommendation made by every Sub-Committee, and the action taken by Government. But at least on some definite and important points no action should be taken without giving us an opportunity of recording our votes on those points. I suggest that a day should be given by the Government, that an opportunity should be given to us to record our votes on some of the specific and important points. I made that suggestion to my Honourable friend, the Finance Member, in the Standing Finance Committee, but I do not know whether it is possible or feasible for him to do this. It is not possible for us in this session to give notice of Resolutions on some of the specific points, because no non-official day has been allotted, or else some of us would have done so most willingly. But as things stand at present, and circumstanced as we are, it is only right and just that an opportunity should be given to this House to record its vote on some of the important principles underlying the recommendations of the various Retrenchment Committees, and the action taken by the Government thereon.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I had no mind to take part in this debate, but certain remarks which have been made by the last speaker have made me stand at this late hour of our last day of this discussion.

Mr. Gaya Prasad Singh: I purposely did so in order to draw you out.

Sir Muhammad Yakub: My Honourable friend has made some remarks about the *interim* report of the Army Retrenchment Committee, which was so ably presided over by the Leader of the Nationalist Party, Diwan Bahadur T. Rangachariar, whose absence on account of illness, from this session we all regret very much and we hope that he will soon be restored to health to take part and to complete the work of the Army Retrenchment Committee which he has so ably started. My friend, Sir, I am sorry to say, has not been able to follow the terms of reference of this Committee. When the report says that our enquiry was limited only to the administrative side of the Army, it is perfectly right and correct. As we all know, Sir, the Army Retrenchment Committee's scope of enquiry was strictly limited to the administrative side of the Army and the Committee could not touch the strength of the Army and we could not deal with the question of the strength of the Army in the country. Of course that power was left to another Committee, the Sandhurst Committee, which was sitting in Simla at the same time when we started our work.

Mr. Gaya Prasad Singh: What about the terms of reference which I read out just now?

Sir Muhammad Yakub: The terms of reference when they refer to questions of policy refer only to the administrative side and not to the strength of the Army. In fact if my Honourable friend will read all the terms of reference, he will find that it was beyond the scope of our Committee to touch the strength of the Army, and that our Committee could not make any inquiry about that. It would have in fact interfered with the work of the expert Committee which was appointed for this purpose, if that matter had been included in our terms also. Two committees about the same thing could not be sitting side by side at the same time. So I submit that under the terms of our reference, our enquiry was restricted only to the business side of the Army. Then, Sir, the report quite correctly stated the state of affairs when it said that the Army was a sealed book up to this time. My Honourable friend knows that the Army Budget is not a votable Demand, that we in the Assembly have no authority to go into the details of the Army expenditure, and it was really for the first time that this Committee had an opportunity to go into the details of the Army expenditure and its departments. It was rightly remarked by one of the Army officers, who was assisting us in our inquiry that, leaving aside the Army people, nobody in the country has come to know more about the Army than the members of the Committee who were sitting round that table. Now, Sir, that being so, really an inquiry into the Army was not an easy thing. Probably our Committee was the hardest worked Committee of all the Retrenchment Committees that were appointed. For about two months we were sitting from morning till evening, sometimes even on Sundays; and even then we have been able to produce only an *interim* report. When my Honourable friend criticised the report so uncharitably he forgot that it is not our final report, that it is not our complete report, and that we have not yet been able to go

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through all the departments of the Army about which we have to carry on our inquiry. Really all the most important departments of the Army, for instance, Army Headquarters and some other very important departments in which an expenditure of lakhs and lakhs of rupees is incurred, we have not yet been able to touch; and on account of the sudden illness of the President of the Committee and the absence of two members in the Round Table Conference in England, we considered it proper that the work of the Committee should be suspended earlier than it was intended at first; and as the Simla Session of the Legislative Assembly was going soon to be commenced and we were asked to produce at least some *interim* report in order to guide the Finance Member in framing his budget for the next year, we have produced a preliminary *interim* report; and the report should be taken in that light and should be construed not as a final exposition of our opinion on the expenditure of the Army, but only as a preliminary report of the administrative side of the Army. (Hear, hear). Considering the report from that point of view, I think, Sir, it will be found that the retrenchments, which our Committee has suggested, are not so very meagre as my Honourable friend considers them to be. Of course I endorse the remarks which have been made in the Committee about the willingness of the Army officers in co-operating in our inquiry. I found them very willing and very courteous and they were quite ready to furnish us with any information which we wanted, and really it was very difficult for us.....

Mr. B. R. Puri (West Punjab: Non-Muhammadan): On a point of order, Sir. Is this the Finance Bill that we are discussing or is the Retrenchment Committee for the Army on its trial?

Mr. President: If the Honourable Member had been present throughout the four days, he would not have lost sight of the fact that about 90 per cent. of the debate has been concentrated on retrenchment and Retrenchment Committees' reports.

Sir Muhammad Yakub: Even the Hijli affair was taken up in this debate in a very elaborate way.

My complaint is that, although during our inquiry the officers of the Army very willingly co-operated in our work, they have not acted upon the recommendations of the Committee in such a generous manner in which they co-operated with us during the inquiry. We were assured by the Honourable the Finance Member that the recommendations of all the Sub-Committees would be followed in their entirety. But the statement on the method of giving effect to the retrenchment in military expenditure which has been placed in our hands says:

"As mentioned in the statement made by the Finance Member on the 29th September, the military authorities have been working throughout in very close touch with the Army Retrenchment Sub-Committee and are in general agreement with the principles implicit in the great majority of the measures proposed by the Committee."

Now, Sir, the words "general agreement" and "principles" are very vague and indefinite words, and it seems to me that the Army authorities are not willing to act according to the recommendations of the Committee. On page 2 of the memorandum, which has been placed in our hands, a table is given showing the heads of expenditure and savings estimated for

1932 and 1933. They have shown the figures which were recommended by the Sub-Committee and the figures which have been accepted by the Army authorities, and a perusal of this statement will show that in a very large number of cases the Army authorities have accepted a very small portion of the recommendations which were made by the Retrenchment Committee. For instance, we find under the head "Army Schools of Instruction" we recommended a reduction of Rs. 7,61,000 while the Army authorities have accepted a reduction only of Rs. 1,74,000. Then under the head "supplies" we recommended a reduction of Rs. 11,90,000, while the Army authorities have accepted a reduction of only Rs. 7,70,000. Then under head of "Animal and Mechanical Transport", we recommended a reduction of Rs. 21,50,000, while the Army authorities have accepted a reduction only of Rs. 15,11,000. Now under the head "Hired Transport and other Transportation Charges," we recommended a reduction of Rs. 18,88,000 while the Army authorities have accepted only a cut of Rs. 9,54,000. Under the head of "Remounts", we recommended a cut of Rs. 11,25,000, while the Army authorities have accepted a cut only of Rs. 4,27,000. Then under the head of "Miscellaneous Services" under the Adjutant-General, we recommended a cut of Rs. 12,65,000, while the Army authorities have accepted only a cut of Rs. 10 lakhs. In this way it will be found that in a very large number of cases the recommendations made by the Army Retrenchment Committee have not been followed or have been followed only to a very small extent by the Army authorities. Of course in showing the total number they have tried

to raise the total to the extent of the savings which were recommended by us, but they have done it by raising the amount of cuts under the heads of the Military Accounts Department, the kit and clothing allowances and the Army ordnance factories. These were the heads about which the Committee could not make a thorough inquiry and we said in our report about these departments that we would have to make further inquiries before we gave in our final report. So, taking advantage of that, they have added this amount to the cuts which they have accepted, and they have shown the total amount, which they have accepted, as being nearly equal to the recommendations which were made by us. That is not right and proper (Opposition cheers). I submit that full effect ought to have been given to the recommendations of the Army Sub-Committee. In this Memorandum we have not been supplied with detail about the sub-heads where the Army authorities have not agreed with the recommendations of the Committee. But we find one instance is given in which His Excellency the Commander-in-Chief has expressed his inability to agree with the recommendations of the Committee, and that is a cut of six pies per day in the supplementary rations allowance of the British soldier. The rule was that in order to supplement their rations, British soldiers were allowed as many annas in India as they used to get pence at home, in order to supplement their rations. When they were given 6d. in England they were given six annas in India: when that amount was reduced in England to 5d. the sum was reduced to 5 annas in India. Now in England that sum has been reduced to 3d., but the sum which the British soldier gets in India has not been reduced to that extent, but he gets 3½ annas a day. Our recommendation was that, following the previous example, now that the soldier gets only 3d. a day in England to supplement his rations, in India he should get only 3 annas a day, and we recommended a reduction only of six pies, which would have given us a saving of 6 lakhs. But His Excellency the

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Commander-in-Chief has not been able to agree with this recommendation on the ground that, "Owing to the increased customs duties on imported articles which are in the main purchased by soldiers from this allowance and the fall of the gold value of the rupee, it will not now go so far as it did before". I submit that in the first place a reduction of six pies is such a very small amount that it cannot in any way affect the convenience of the British soldier; and again when we bear in mind that the supplementary amount which an Indian soldier gets is only ten annas per month as against the British soldier's $3\frac{1}{2}$ annas a day, we can see what the difference is. If we compare the British soldier's allowance with the meagre sum that the Indian sepoy gets, I think the recommendation that was made by the Committee was not at all unreasonable, and I am very sorry that His Excellency the Commander-in-Chief was not able to accept this recommendation.

My other complaint about the action taken by the Army authorities is this: there were certain departments about which our Committee could not make an inquiry during the short time that we had at our disposal and we postponed inquiry about them for the next meeting of the Sub-Committee. Taking advantage of this interval, the Army authorities have taken upon themselves to tackle these departments and they have made certain reductions. I say that it is not fair to the Committee; it has hampered the inquiry of the Committee, and it will prejudice very much the inquiry which we are going to hold. It is something like a *sub-judice* case, and when a Committee was appointed to make inquiries it was not right and proper to prejudge their inquiry and take up the departments before the Committee could take them up.

So much about the report of the Army Inquiry Committee. I hope that when the Committee meets again and we have a full opportunity to go into all the departments and see thoroughly the working of the Army, the results of our inquiry will probably be not as disappointing as my friend, Mr. Gaya Prasad Singh, considers them to be. (*Opposition cries of "Hear, hear."*)

As regards the Finance Bill I think it is so late that I will not take up much of the time of the Assembly; I will not take more than five or six minutes. It is very difficult to speak on the Finance Bill with a light heart. On the one hand we are confronted with an extreme depression of trade in the country and with a fall in prices of our exports, which has reduced the purchasing capacity of the people to the minimum. There is misery all over the country. The plight of the landlord has been repeatedly stated before this House and I do not think I will be justified in taking more time on that subject. The taxable capacity of the people is nearly exhausted. This is the condition through which we are passing to-day. On the other hand we are faced with a deficit Budget. We find that the revenue realisations are falling, and somehow or other we have got to produce a balanced Budget. But I beg to submit that the signs of this fall off in revenue realisations of the Government were visible since 1927; and during the last three or four years that have passed since then, no effort was made by the Government to take up the question of retrenchment, and to make a gradual retrenchment in the departments and also raise their taxes, if it was necessary to do so, in a slow and gradual manner. Now, when things have reached the extreme point, we find that all of a sudden extreme measures are being introduced by the Government. That being

so, I submit there is no justification for the Government to levy new taxes until the results of the retrenchments which have been suggested by the various Committees are definitely known. Some Committees have just presented their reports, and their recommendations have not yet been given full effect to. Then the Army Retrenchment Committee, which is the crux of the whole thing, must bring a lot of saving to the exchequer of the country; it has not yet produced its full report; it has only submitted a preliminary report. So I submit it would not be just and proper for the Government to levy new taxes before the effect of these retrenchments has been fully ascertained and appreciated. With these remarks, although I do not think that we should oppose the consideration of the Finance Bill, I feel we should be at full liberty to reject any proposals for the imposition of taxes which we consider to be improper or unjust so far as the present conditions of the country go.

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

Mr. President: In accepting the closure, the Chair wishes to explain that it clearly realises the importance of the subject and the desire of Honourable Members to take part in the debate. Honourable Members cannot be unaware of the fact that in adjourning the Assembly session in Simla, I pointed out that we would have to finish the consideration stage of the Bill at the latest within four days, that is to-day. The issue, therefore, before the Chair is whether the closure asked for should be accepted and the House should be allowed to decide if it should close the debate now or whether it should sit as late as the majority may desire. The Chair trusts that the House will agree that we should go to vote on the motion for consideration to-day. That being so, I now leave it to the House to decide whether they want to close the debate now or whether they want to sit till a later hour before proceeding to vote.

The question which I have to put is:

“That the question be now put.”

The motion was adopted.

The Honourable Sir George Schuster: Sir, I believe that I shall have the sympathy of the House in having to wind up this debate at a late hour after four very long days, when the House, I feel sure, is tired and would like to get away, rather than listen to further arguments on this very distressing subject. Nevertheless, I feel, as you yourself have just said, that the importance of the subject is such that I cannot pass superficially over a number of points which have been raised.

At the outset, I would like to express to the House my appreciation of the fact that, in spite of their feelings on the question of policy, I have throughout felt grateful for the personal courtesy which they have consistently shown. A good deal has been said about some remarks which I myself made at the opening of my speech with reference to purely destructive criticism.

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

I called, so far as I could call, for help in the form of constructive advice. I have been told by many speakers on the other side that their business is to be destructive rather than constructive; but nevertheless I think the result of my request has not been entirely barren. I have received a number of suggestions and I have elicited from my Honourable friend, Mr. Mody, what he described as a “sporting offer”. I am afraid his

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offer is just a little bit too "sporting" for me. It reminded me of one's younger days when one went to a race course and met tipsters offering sporting tips. The offer generally is to sell a sealed envelope containing a list of some of the winners of the day. According to my recollection, I was never myself so guileless as to have been tempted by one of those offers; for, being of a sceptical nature, I felt doubtful about the winners. I tried to get my Honourable friend to open his envelope, and let me see what was inside. I confess that I had some hope that I would draw him on to giving me the tip which he gave me in the last Delhi Session for imposing an agricultural income-tax; which, I am sure he will admit was not received very well in any quarter of the House. Sir, I shall return to that subject again because he has raised a general question of some importance.

Not only did I elicit that sporting offer, but I was fortunate enough to draw from the other side at least two alternative Budgets. My Honourable friend, Mr. B. Das, presented me with quite an ambitious Budget. My friend, the Deputy President, was perhaps less ambitious in his proposals, but his Budget was, if I may say so, perhaps framed closer to the possibilities of reality than that of my friend from Orissa. Again, I shall have to say something on those proposals.

Now, Sir, I shall have to leave a great many subjects untouched. For one thing I do not propose to attempt in any way to deal fully with the question of currency. I notice that there are certain Members in this House whose motto seems to be, "When in doubt abuse the Government's currency policy!". The only thing I would say to those Honourable gentlemen is that I really think it is time that they re-wrote their speeches. Times have changed. We have now got a rupee equivalent to about 1s. 2d. gold. The old speeches, which were appropriate when we were having some difficulty in maintaining the rupee at 1s. 6d. gold, will hardly do to-day. It is clear that the position has got to be reconsidered. I am afraid I cannot go so far as my friend, Mr. Mody, who appears to think that this change has brought us into practical contact with the millennium. That, I fear, may perhaps be taking too rosy a view, but undoubtedly recent events have fundamentally changed the situation.

I do not see my friend, Dr. Ziauddin, here to-day.....(*Several Honourable Members*: "Oh, he is here"). I beg his pardon. I was anxious to make some reference to his own speech. He, I confess, has made us all feel rather uncomfortable about discussing currency matters in the future, for he has told us,—quoting from a well-known authority,—that there was probably only one individual who really understood currency and he was in a lunatic asylum. (Laughter.) I confess in the course of the Honourable Member's remarks I was tempted to ask myself whether perhaps he had not escaped. (Loud laughs.)

Dr. Ziauddin Ahmad: I interpreted it in my speech and said that M. L. A. means a Member of the Lunatic Asylum. (Laughter.)

The Honourable Sir George Schuster: I am sure my Honourable friend will not take what I am saying seriously, but I did feel that perhaps he was talking on a plane of intelligence which I myself do not occupy.

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

Then, Sir, I will refrain from dealing in detail with the question of cuts in pay. I tried to explain the situation as we saw it as fully as possibly in my original speech, and I have very little to add. I would

only pick up one point from the speech of my Honourable friend Mr. Amar Nath Dutt who I am sure would be recognised in all quarters of the House as one who touches the extreme limit of criticism. Well, his suggestion was that all salaries over Rs. 2,000 per month should be cut by 30 per cent. I would only like the House to appreciate that even that very extreme proposal would only give us an extra 17 lakhs. It may have satisfied the sense of justice of my Honourable friend, or may even have helped him to increase his reputation with that clientele to which he referred, but I am afraid it would not have filled my pocket to such an extent that I could make any substantial change in the proposals for taxation.

Then, Sir, I further do not intend to deal in detail with the questions of taxation. We shall have other and longer opportunities for that. But as regards the alternative proposals of my friend, Mr. Das, I would suggest to him that in what he said about the export duty on hides, he rather—if he will permit the expression—went off the rails. He represented that as a tax which would fall on the interests of European business. Surely he realises that the production of hides is a very important agricultural interest in India, and that, although a high export tax on hides may suit the interests of the tanners of Madras, it might deal a very heavy blow to a most important section of the agricultural population. I would like to say that I listened with appreciation to what my Honourable friend Dr. Ziauddin Ahmad said about that, and although he was not allowed by you, Sir, to develop the point at very great length, I think he was able to show the House that there was a good deal to be said against an increased export tax on hides.

There is one other point in our own taxation proposals to which I would like to make a passing reference, and I do so for this reason—because it has some bearing on the general principles on which we have acted. One of the taxes which has been most severely criticised has been our proposal to put a small import duty on raw cotton. We were told that that would be a heavy burden on industry, and that, combined with our proposal for a tax on machinery, we should be dealing a serious blow against the cotton mill interests of this country. It was even suggested, though I do not believe that that suggestion found support among many Members of this House, that we had been influenced by the interests of Lancashire in proposing these two taxes. Now, Sir, as regards the import tax on cotton I quite realise that the greatest portion of the cotton grown in India is cotton which is not suitable for spinning the finer counts, and that if Bombay and other milling centres are to develop their business in the way of weaving finer cloths, then they do require to purchase a certain amount of imported cotton. But I would put it to the House that this import duty will benefit in a very substantial way a large class of growers of cotton in India, and that it may help to encourage the growth of the long staple cotton which is required for spinning the finer counts. I should like to add that, although I realise the practical difficulties in the way, I think that there is an ideal which ought to be kept before this country. Just as all Honourable Members opposite hope to see the country made self-supporting in the way of cotton piece-goods, so also they ought to work for making it self-supporting as regards cotton. It should be recollected that the growing of cotton is an industry actually of more importance to India than the manufacture of cotton goods. Many more people are interested in it, and the effects of anything that

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you can do to benefit the growers of cotton will be far more widely distributed over India than anything that you can do to help the cotton manufacturers. Now, I would like to read to the House in this connection a passage from a letter which I received from a man who is engaged in growing cotton in the Punjab, and who can speak with a great deal of authority on the matter. He wrote to me as follows:

"Tax on imported cotton. This is much appreciated by all cotton growers. Our agents in Bombay all agree that it should enlarge the premiums on cotton such as our 287-F. by Rs. 12 or possibly Rs. 15 per candy."

I won't read the whole of the letter, because I hope to deal with this in greater detail when we come to discuss the cotton duty, but I may say that I have since heard from him that his hopes have been fulfilled, and that the growers of the better qualities of Indian cotton have already directly benefited from the imposition of this duty. I agree with my Honourable friend Mr. Moore that all taxes probably do more harm than good, but still some are worse than others, and some may have secondary good effects. If there is any possibility of that sort of good effect, then we ought to have our eyes on the agricultural population of India at the present moment.

Now, Sir, on the point that we, in seeking to impose duties on raw cotton and machinery, have been influenced by the interests of Lancashire, I would ask the House to take it from me that we were influenced entirely by revenue considerations. Primarily, at any rate, that was our motive, although, as providing a secondary motive, the particular proposals about cotton did have in my mind the advantage that it might confer some small benefit on the agricultural interests. And if any one in this House thinks that the present Government of India are influenced by considerations of the kind to which I have referred, I would ask him to remind himself that in the last two years the import duties on cotton piece-goods have been increased from 11 per cent. to 25 per cent. on British goods and to 31½ per cent. on non-British goods. That is an enormous increase, and whether the policy is right or wrong, I do not think that any one here can say that we have been deflected from our course by any fear of offending the interests of Lancashire. It is indeed a question whether, in doing so, we have not gone further than is right or necessary for the benefit of the actual milling interests of India, and whether the public and the consumer's interests have been properly protected. That is a matter which I should advise the representatives of the public to watch. And, if we have refrained from the easy and sure revenue-producing course of imposing an excise duty on cotton piece-goods, the millowners must do their part and not take advantage of the present situation at the expense of the consuming public (Hear, hear).

Apart from the special points which I have mentioned, I had also not meant to go again in detail into the question of retrenchment. Again I thought I had made my case abundantly clear, and had convinced the House that we were making a real effort at retrenchment; that we were retrenching as much as was actually and practically possible at the present moment, and that there were no possibilities of immediate further retrenchment capable of being realized in the course of next year, of such magnitude as to enable us substantially to alter our taxation proposals. But we have listened today to a very long and full speech from my Honourable friend, the Leader of the Independent Party, and I feel it necessary to say just one or two things with reference to what he has

said. Now I should like to say at the outset that, if I differ from him in any way as regards the details, I certainly do not differ from him in his main objective, which is to achieve the maximum economy which is practically possible without breaking down the machinery of Government (Applause). It is, I may say, particularly unpleasant for me to be at issue in any way with the representatives of these Retrenchment Sub-Committees for whose formation I feel the responsibility, and of whose record of achievement I will say, if I may be permitted to say so, that I am extremely proud. But I must put certain points to the House, because I feel that my Honourable friend, unwilling no doubt, has left them under a certain misapprehension in the matter. Now, Sir, I take it that the whole object of my Honourable friend's remarks was to convince the House that we had not made full allowance for the possibilities of economy in that part of the field which was not covered in the first interim Report of his Committee. Let me say at once that I am quite prepared to agree with him that there may be room for further economies beyond what we have estimated in the statements that I put before the House on the 4th of November. I am quite prepared to agree that, in detail, there is room for changes which may even be quite substantial and run up to sums like 40 lakhs or 50 lakhs. But my point is that we had to put in certain figures, I had to present the House with my estimates: and that I am convinced, in my own mind, that we shall not be able, next year, to achieve further economies sufficient substantially to alter our general programme. Now, Sir, what are the facts? My Honourable friend has told us that he has now submitted proposals showing economies of 155 lakhs, and that he has still a field of something like 6 crores to examine. Well, I find myself in some difficulty in dealing with these proposals because all that I have is this typewritten sheet, which gives me just the totals which are involved; and I may explain to the House that my Honourable friend has been working at Simla on this Committee, and that I am not in possession of any of the details of his conclusions (for I have purposely left him to carry on his own work without interference from me), and that therefore I cannot deal, in detail, with the reasons by which he has been led to these results.

Sir Abdur Rahim: May I explain that Mr. Nixon, who is the Deputy or Joint Secretary of the Finance Department, was also on my Committee?

The Honourable Sir George Schuster: I am not suggesting for a moment that my Honourable friend has concealed anything. I am merely telling him the facts about my own position. He knows that I have tried to keep out of this Retrenchment Committee work because I wanted them to work entirely independently, and Mr. Nixon, who has been working on the Committee, has been detached from us. I have not been keeping in close touch with him, and since he returned to Delhi I have not been able to go through the details with him. But I am not making any special point of this, because the House will realize from what I shall have to say that the points where I should query the estimates are matters which are fairly obvious on the surface, and not likely to be altered very much by our going into details. Now in this total of 155 lakhs there is included an item of 29.05 lakhs for Ecclesiastical expenditure. Well now, whatever may be the rights or wrongs of charging this expenditure to our Budget, I do submit that it is not exactly "retrenchment" to say that a particular form of expenditure should be wiped out entirely in the sense

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that it ought to be borne on other shoulders. That is a point which can perfectly well be taken up. That is a point which might well be argued, just as the question of the capitation charges can be argued; but it is not fair to put this forward and to say that this is "retrenchment" in the expenditure of the Government. That accounts for 29 lakhs. Then I come to two other items of considerable size: 10½ lakhs under the Secretary of State's Budget, and 11·76 lakhs under the High Commissioner's Budget. Now the House will again realize that we have not the same power of action in the case of those two items of expenditure as we have in the case of expenditure out here, and I would just like the House to appreciate that, in connection with the Secretary of State's Budget,—so I am informed, my Honourable friend will correct me if I am wrong—one of the items where he has gone for economy is the Indian contribution to the League of Nations, which he would reduce from 9 lakhs to 7 lakhs. As a matter of fact, that contribution to the League of Nations, which is payable in gold francs, will actually have to be substantially increased this year because of the decline in the gold value of the rupee. In terms of rupees, it will have to be increased by about 25 per cent. But quite apart from that, India alone cannot decide what she will pay to belong to the League of Nations. She either pays the requisite amount, as a member, on a parity with all the other members, or she ceases to be a member. But she cannot say "The scale of contribution is too high and I must be let off 30 per cent. of my contribution". I merely mention these points in order to explain to the House that there is more in these matters than might appear from the figures themselves. Then, again, I find two very large items: a proposed reduction of 16 lakhs in customs and of 12½ lakhs under salt. Well, we have already had in the course of this debate a certain amount of discussion about the wisdom of cutting down expenditure in the tax-collecting departments, and I venture to say that I myself feel a good deal of sympathy with the view expressed by my Honourable friend, Mr. Heathcote, that it may be very false economy to cut down expenditure in these departments. He himself went on to say that he did not imply, he was not to be taken as saying, that every penny that was now spent was wisely spent, and that there was no room for improvement in efficiency; but what he did say was that we could very well find ways of spending money in the Income-tax Department which would produce more than a hundredfold of what was actually spent. Now I think there is a very great deal in that, and we cannot deal with these tax-collecting departments on exactly the same basis as we deal with the ordinary administrative departments or the scientific departments. There is another point to which I should like to refer in this connection. I explained to the House that, in estimating what we should save out of this uncovered field, we had tried as far as possible to follow what we understood to be the principles on which the Committee had worked in the other fields. Well, you cannot apply principles except in like cases, and as a guide in the case of these tax-collecting departments we had before us the example of the principles which the committee had applied in the case of the Income-tax Department. I understand that in the case of the Income-tax Department they had worked on the basis of a general reduction of 7½ to 10 per cent., whereas when they came to the Customs and Salt, they worked on the principle of a general reduction of 15 per cent. Now that is where their estimate differs from ours. We, working on their original basis of about a 10 per cent. cut, have put in our estimate

Rs. 10 lakhs economy for Customs. They have put in Rs. 16 lakhs. They have suddenly adopted a much higher principle of an all-round arbitrary cut.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Based on facts disclosed.

The Honourable Sir George Schuster: Whether it will be possible or not to carry that out is another matter. But I suggest that my Honourable friend will have no complaint with me if we have worked on a figure of about 10 per cent., or 10 lakhs for the Customs Department. Then when you come to a department like Salt, a great deal of the expenditure is expenditure which actually represents the cost of manufacture, and which is balanced by receipts. You cannot cut down expenditure of this kind in the same manner as you can cut off unproductive expenditure on scientific departments. Now, if I try to summarise these particular points, on which I have touched, I think I can give the House a fair idea of what the position is. As against my Honourable friend's estimate of 155 lakhs, I have to query the 29 lakhs on the Ecclesiastical Department because I say that must be decided according to other principles. We cannot take that into account as retrenchment now. I have to query 12 lakhs out of the amount recommended in the case of the Secretary of State and the High Commissioner, and I have to query 9 lakhs on Customs and Salt. I have certain queries to make on the other items but they are of minor importance. Now, those main items which I have mentioned account for a difference of 50 lakhs. That would bring my Honourable friend's figure down from 155 lakhs to 105 lakhs. The figure which I have taken in my estimates to the House is 77, so that there is a difference between us of about 28 lakhs. Now, our view in the Finance Department, having gone over the matter to the extent that it has been possible in the very short time at our disposal, is that on top of that 77, there is about 23 lakhs which we are prepared to fight for. We have not got it yet. I would ask my Honourable friend to appreciate that we on the Government side have our differences, when it comes to settling who is to lose money, and there is always a margin about which we have to fight among each other. But that is the position. My Honourable friend puts up 155 lakhs. I say that 50 lakhs out of that are items which I cannot count as retrenchment. That brings the figure down to 105 lakhs. I put up 77 and say that I am prepared to fight for another 23, which makes up 100 lakhs; so that my possible figure of 100 on one side stands against his 105 on the other. I think that is a very clear account of the position. I have put in what I feel sure about, 77 lakhs, and add that we *may* get something more up to 23 lakhs. Now this is an indication of the scale by which our estimates may possibly be increased, and in this way I come back to my original point, that although I hope we shall be able to get more money, nevertheless I cannot see any reasonable chance of getting so much that we should be able substantially to alter our general financial proposals. Now, Sir, having dealt with those particular details which I have picked out from the general course of the debate I should like to take up one or two general points. I will be as brief as possible and not enlarge on them at such length as I should have liked. I have tried to extract, from what has been said in debate, the main lines of thought influencing the various parties in this House.

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In the first place a very ordinary line of argument has been that the Government ought to have foreseen what was coming, that we had had warnings,—for we had really been working on deficit Budgets since 1927-28 that we had not tackled retrenchment, and that we have now suddenly come before the House and confronted them with a desperate situation. Now, Sir, I was very glad that my Honourable friend the Deputy President attempted some general review of the course of Government finance. I think it is extremely useful that that should be done, and I hope that if we have a session after the New Year when there are no more new proposals to consider, we may take advantage of the occasion to attempt to make some general review of the whole financial position. My Honourable friend quite rightly pointed out that the Government of India have been struggling against difficulties with too narrow a margin ever since the provincial contributions were remitted. I think I made this point very clearly myself in my first Budget speech. I raised the question, "Has the gap caused by remitting the provincial contributions been filled?" And when I came forward before the House again the next year, I ventured to say that the figures showed that the gap had not been filled, and that our revenue had not shown sufficient elasticity to take up the strain which had been put upon it. But, Sir, we were thinking of marginal differences, a question of crores or two one way or the other. We thought it was fair to give that margin in the Budget of 1930-31 by certain moderate additions to taxation. But since then what has happened? We are now confronted with an entirely different situation. It is not a question of struggling to get an extra crore or two. It is a question of our whole economic foundation having been shattered and swept away from under our feet. And if any one comes before the Government of India and says, "You ought to have foreseen these conditions, this is a hopelessly inefficient Government, one which has indulged in the fruit of that plant which my Honourable friend on my right called "Squandermania gloriosa", I venture to say that he is speaking without thought or reason. It is futile to maintain that we of all the Governments of the world are particularly to blame in this matter, and if Honourable Members are disposed to take this view I would ask them to turn up the files of their newspapers and see what is the present position of all the Governments of the world. I will not weary the House by giving them figures of all the Governments, but let me just take the two leading Governments whose financial position ought to be the strongest of anybody, our own British position and the position in the United States. The British position was that they were faced with a deficit of 74 millions in the current year and 170 millions for the next year. The deficit was so small this year only because they were drawing on certain special items to supplement their revenue. Then take the United States. This is a passage from a recent monthly Review :

"During the near future the Government will be required to determine its policy on the question of balancing the national Budget. Expenditure for the fiscal year ended June 30th, 1931, exceeded receipts by 905 million dollars, the first time that a deficit has occurred since the year 1919 when there was a large carry over of war expenses. But on top of that, in approximately one quarter of the current and financial year beginning July 1st, 1931, and extending through to September the 25th, the deficit was 374 million dollars."

Three hundred and seventy-four million dollars in the first quarter of the current year! That, Sir, I submit is a staggering figure. Then take

the French position. The French Budget for 1930 showed a deficit of 1,500 million francs. Now here are the three leading countries of the world, and we are always asked to look at the United States and France particularly as examples of prosperity. Yet they have been struck by this economic blizzard or cyclone, or whatever you like to call it, with exactly the same force as ourselves, and, I maintain, with the same or even more serious results, the same or even more necessity for urgent and drastic action. Therefore, to say that we here are particularly responsible, that it is our negligence which has brought the country to this position, is, I submit, a gross misstatement of the facts.

Then, Sir, there is another point. Another general line of thought has been as follows—"Admittedly the situation is a difficult one, but what are you going to do about it? These proposals of yours are entirely impossible. The country is crushed under the burden of taxation, you cannot get the money, and particularly the burden on the poorer classes is more than can be borne". Sir, I yield to none in my sympathy with the poorer classes, but I do ask my Honourable friends to see the situation in its proper proportions. A very great deal has been made, in support of this line of argument, of quotations from the Report of my friend Sir Walter Layton on Indian Finance which was included as part of the Statutory Commission's Report. I think that a somewhat misleading picture has been presented to the House of his appreciation of the position. The point which he made was not so much that military expenditure, considered absolutely and by itself, was a unduly heavy burden on India, but rather than, while military expenditure represented about the general average burden, the expenditure on so-called nation-building and beneficial services was totally inadequate. And the whole line of his argument was, "You must keep down military expenditure if possible, get it down if you can; but, as a much more important matter, you ought to develop other sources of revenue so as to give the country more money to spend on nation-building departments". The figures that he has given are that the proportion of the national income taken in Britain by the tax-gatherer, and spent on the military and naval defence, is about $2\frac{1}{2}$ per cent., that is to say £2-10-0 a head. In the case of India, the expenditure on the Army is £0-2-7 per head; or, leaving out of account the Indian States and including British India only, it is £0-3-4 per head, or about 2 per cent. of the average annual income; so that the amount which is taken per head of the population represents 2 per cent. of the estimated income in India as against $2\frac{1}{2}$ per cent. in England. He then goes on to say:

"Whereas the amount collected by the Government and spent on education in Britain is as much as £2 15s. per head, the amount spent on British India is less than 9d. per head."

Then he goes on and says:

"But there is another figure to be considered and that is the ratio which the total tax revenue collected in India for both central and local purposes bears to the total national income of the country. Taking the preceding figures as a basis the ratio of total taxation to national income in India is only about 6 per cent. If the more pessimistic estimates of the national income per head in India, which place it at about 80 rupees, are correct, the taxation percentage works out at about 8 per cent. In Britain the proportion is about 20 per cent. It is perhaps even more significant than the ratio in Japan, which is an Oriental country with a population whose standard of living is low, is also about 20 per cent."

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That is to say, in India, the total burden of both central and provincial taxation is 6 to 8 per cent.—according to the way in which you reckon the national income—as against 20 per cent. of the national income taken in Japan. Now, Sir, I recognise, of course, that these figures of national income are exceedingly speculative; but Sir Walter Layton has based his estimates on two or three estimates by reliable economists, and I venture to say that his figures go a long way to correct some of the very pessimistic statements which have been made in the course of this debate. He went on to say that the great task before the Government was to try and broaden the basis of taxation, to discover new means of raising revenue, and that is a subject to which I shall come again. Before I leave his remarks, I should like to add just one thing about the Army. Sir Walter Layton has been quoted as saying that Army expenditure was more than the country could bear if they wanted to develop other lines of expenditure. I sympathise with his remarks particularly when he was writing about an Army Budget of 55 crores; but he gave us himself an estimate of what he thought was possible and what should be done. And what was his estimate? He estimated that if we really set about our business properly we ought to be able to get Army expenditure in the course of 10 years, after eliminating the expenditure on the Army in Burma, which he reckoned at 2½ crores, but, allowing for that going, then in 10 years, we ought to be able to get Army expenditure down to 45 crores per annum. If you add the Burma expenditure, that means he was estimating at 47½ crores, and we, with Burma included, are going to get it down to 46.65 crores. Therefore, Sir, I do maintain that Sir Walter Layton cannot be quoted as an authority in support of those critics of the Government who say that our efforts at Army retrenchment are totally inadequate. (Applause.)

Then, Sir, let me turn to another general point. I am told, "Anyhow, even if you must increase taxation, even if you cannot get more by retrenchment, you are not going to get what you think you are going to get out of your actual proposals for taxation". I am told to consider the law of diminishing returns. Well, there may be some force in that warning, and that law will possibly apply to part of our proposals. But I would remind my Honourable friends that the law of diminishing returns does not necessarily mean that we are actually going to get less money by increasing the taxes. It takes a very long time before you get to that stage. It means that if you add another 25 per cent. to your duties you may not get the full 25 per cent. addition to your revenue, and for that effect we have provided to some extent in our estimates; but to say that because we add to our duties we are going to get actually less money, may be true possibly in one or two exceptional cases, but it certainly cannot be true for the whole. I might explain that, as we did not in fact have time to prepare detailed estimates in the same way as we usually do at the time of the Budget, we have reckoned roughly that the same total amount of money will be spent on goods plus duty as we estimated would have been spent without the new duties and therefore the Government will get a bigger share of that total, because the new duties will represent a higher percentage of the total than they would without the increase. That, I submit, is a fairly reasonable rough and ready basis on which to reckon. But I want to carry this point a little further. I fully agree that, as regards customs import duties, we may be overloading the boat just

at the moment, and that these surcharges in a great many cases may quite fairly be described as economically unsound. But, Sir, my Honourable friend Dr. Ziauddin Ahmad made a very useful distinction when he was speaking on taxes. He said a distinction must be drawn between elastic and inelastic consumption. He went on to say—quite rightly, I think,—that salt is an article of inelastic consumption and that even if the price is likely to increase slightly, the consumption is not likely to diminish correspondingly. Well, where does that lead us? It leads us to this, that looked at from a *purely financial point of view*, the increase in the salt duty is perhaps about the best feature in the whole of our Budget proposals. We are more sure of getting money that way than from most of the other taxes. We cannot get away from that. My Honourable friend Mr. Das laughs, but I assure him that this is a serious matter. We can-

5 P. M. not get away from the fact that in a country like India with a very small and limited rich class at the top and a vast mass of poor people, it is the very small amount paid by the vast masses which can really be relied on in time of emergency to make up large sums. You may be much surer of getting money by taking, say, half a pie per head from 300 millions; you cannot be so sure of getting it by trying to get say 2,000 or 3,000 rupees per head from a limited number of rich people. I am saying that these are the facts; we have got to face them, and, much as we dislike taxing the poorer people, we cannot get away from the fact that, as an ultimate reserve a very small tax on the vast masses may be the surest resource. It is for this reason that I say that the Salt tax is perhaps, *looked at from a purely financial point of view*, the best of all the proposals.

Take some other of our proposals which have been specially criticised. The reduction of the income-tax limit brings in the lower incomes, and there I am doing what I have been asked to do—broadening the basis of taxation. We shall get money out of that. We shall also undoubtedly get money out of other certain taxes which are new taxes—the import duties on raw cotton, and I should think a very substantial amount from the new import duty on machinery. Take raw cotton. If you take the first six months of the year, it is the only article of import which shows a substantial increase over last year. Imports of raw cotton have increased in that period by something like $2\frac{1}{2}$ crores, while there has been a general decrease in our total imports of 21 crores. Therefore I say that we are very likely to get money from it. These are the sort of taxes which I think are, *financially at least*, sound,—the salt tax increase, bringing in the lower incomes for income-tax, and the new duties on raw cotton and machinery. The others, I admit, are much more doubtful for we cannot go on indefinitely piling up the rates of the existing taxes—the existing customs duties or the existing rates of income-tax. We are, in the case of these I am afraid, much more likely to squeeze out some of our receipts, by increasing the pressure unduly. Now in connection with what I have just been saying, if I turn to the alternative Budget put forward by my Honourable friend the Deputy President, what do I find? The taxes that he wants to get rid of are just the very taxes which I as Finance Member feel are my most sure supports in these proposals. The fact is that it is unfortunately the case that taxes which are financially good are sentimentally bad; and I must remind my Honourable friends that their arguments have not been logically consistent. They have talked about the law of diminishing returns, which was a very good argument against the general increases in the customs duties and income-tax, but they have

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used that general argument to condemn and cut out these new taxes to which the law of diminishing returns will not apply and which, as I have said, are the soundest parts of the financial structure which I have put before the House. They would cut these out on sentimental grounds. We are in fact brought up against the logic of hard facts. The arguments which have some valid basis such as the law of diminishing returns apply to the taxes which Honourable Members opposite do not mind. They do not apply to the taxes to which they specially object, and I would ask my Honourable friends to think over that position before they start discussing the individual proposals of taxation when we come to the next stage of this Bill.

That brings me to another point closely connected with it, this general plea that we should broaden the basis of taxation. A very sound thing in principle, but how are you going to apply it in practice? I have already reminded the House that my Honourable friend, Mr. Mody, one of the protagonists of this plea, when he last suggested broadening the basis of taxation could only suggest the inclusion of agricultural incomes in the liability to income-tax. Now, whatever may be thought about the justification for that as a matter of theory or principle, I think all Members of this House must agree that we could not introduce that as a practical proposal just now. Everybody who relies on agricultural incomes, as we were reminded by Mr. Yamin Khan, has had to see his income practically disappear. This is not the time in which we could think of imposing a heavy burden of income-tax on agricultural incomes. What are the other proposals? Take Sir Walter Layton's Report. What are the other proposals which he put up for broadening the basis of taxation? He suggested death duties. Death duties undoubtedly represent a weapon of taxation which this country will have to take up. But again it is no use to us in our emergency. According to the present constitution, it would be a provincial source of revenue; I cannot take it up and use it for getting over the present emergency of the Central Government. Then again there is the possibility of an excise duty on matches or the question of devising some scheme by which the Government could make revenue out of the sale of tobacco. Both those are questions which must also be seriously considered in the near future. But our position just now is one in which we have to work under a very great and special difficulty. We have these constitutional changes impending, and a great part of the people of the country, with their thoughts occupied and their time occupied in attending the Round Table Conference, are thinking out the future constitution. The question of an excise duty on matches cannot be tackled in any way which will produce substantial revenue to the Central Government unless we can come to some general agreement with the Indian States; and that is a matter which we have been unable to take up just at the present moment. Very much the same thing applies to tobacco, although that is a matter which we have been very carefully inquiring into during the last year. Now I have thought it well just to tell the House these facts and to remind them of what are the possibilities of broadening the basis of taxation, and why we cannot have recourse to them just now. I do not want them to think just because our Budget proposals are simple, that they were thought out in five minutes, or that the Government have not been giving their full attention to this situation.

Then there was another point on which a good deal of stress was laid—the question of principle involved in asking the House to approve of financial proposals for eighteen months. That has already been dealt with by my Honourable colleague the Leader of the House. He has shown that there is no constitutional impropriety, and the only point I want to make is that my Honourable friend, Sir Hari Singh Gour, I think, gave vent to the expression that we were depriving the House of the right of voting appropriation or voting supplies for eighteen months. That, I would put to him, is not a correct description of the situation. As far as the voting of supplies is concerned, which according to our procedure means the voting of demands for grants, the House will be in exactly the same position in the next Delhi Session as it has always been. We are not interfering with that procedure in any way

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): What I stated was this: that under section 67A of the Government of India Act you have two things: the expenditure and the revenue; and while you can raise revenue under section 65, the intention of section 67A is, and it has been the practice, the constitutional practice ever since 1921, that we vote the expenditure first and then give you the revenue for the year.

The Honourable Sir George Schuster: I quite agree with my Honourable friend that we are going to depart from what has been the ordinary practice of this House. But I submit that there is no impropriety in it in the present emergency. I should have been inclined to agree with him that there would be some impropriety if we had been depriving the House of the right of voting supplies in the course of next year, and I wanted to make that point clear. I will now turn to another main line of opinion among those that have been expressed in various sections of the House,—the line which is illustrated by the attitude which has been taken up by the European Group. If I may say so, I feel a great deal of sympathy for their attitude. They recognise our necessity, but they do not want to make things too easy for us. And in particular, if I have appreciated their underlying meaning aright their point of view is this. They would say,—“if we are now going to put you in possession of the revenues which you want, are you then going to sit down and go to sleep about further efforts at retrenchment? We want to feel that you are straining every nerve at retrenchment, just as keenly as though we had refused to vote you the money; we want to feel that if you find you have got a margin out of the taxes which you are asking us to support, you will use that margin not so as to allow expenditure to grow again, or to relieve you from the necessity of further retrenchment, but rather to relieve us of the burdens which you are now imposing”. Well, if that is the attitude, I should like to say that I myself entirely endorse it, and I shall do my utmost to give effect to it in all the actions and policies which come under my control. (Hear, hear.) I speak not merely for myself; I am speaking for the whole of the Government of India. We are *not* going to abuse the position if you give us now the supplies which we think necessary. We believe that this campaign of retrenchment must not be allowed to stop. We believe,—and it is a point which I am sure all Honourable Members will agree that I have always made—we believe that this effort at retrenchment ought to be an effort at a permanent scaling down of the expenditure of Government, and that sort of permanent scaling down cannot be done by mere emergency measures.

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It requires a sustained effort, and I can assure my Honourable friends on my right that that sustained effort will be kept up, and that, as I have already said, if they support us now, we are not going to abuse the position. (Hear, hear.)

There is a particular field of expenditure—military expenditure—which I have left to the end and its consideration brings me back from the review which I have attempted of the main lines of thought expressed by the various groups in this debate to the speech made by my Honourable friend the Deputy President, which, I think, in a sense pulled all the points together, and put them in that clear and logical form which we have become accustomed to expect from him. Sir, my friend, I think, suffers to some extent from his own qualities. The very lucidity and clarity of his expression, his own consistent refusal to make any attempt at fogging the issues, have in the present case, I think, done him disservice in the sense that they have revealed, if I might put it so, the rather thin and exiguous foundations of his position. I feel as if I had been looking through a crystal stream and seen as through a bright glass the bottom that lay beneath it. Now, Sir, what is there at the bottom? What do my Honourable friend's arguments come to? They come to this: "You have got to balance your Budget with about 4 crores less of taxation, and you have got to find that money by further economies from the Army." Apart from that simple position, my Honourable friend made a particular point. He said, "How can you excuse yourself for not having retrenched more in the Army during the current year?" Well, I would like to remind my friend first that we did actually reduce the Army expenditure in the Budget estimates for the current year by no less than 2 crores and 30 lakhs, and secondly that the Army are in course of carrying out a programme of re-equipment for which they had undertaken very substantial commitments. The whole point of having what we used to describe as a "contract Budget" in the good old days where there appeared to be enough money to support it, was that there should be some security for the future, so that they might be able to place orders well in advance and to carry out a consistent well planned programme. It was impossible suddenly to call off that expenditure, and His Excellency the Commander-in-Chief in accepting first of all a cut of 1 crore and 70 lakhs in his Budget, and then, at the very last moment before the voting of the last Finance Bill, accepting another 60 lakhs, actually took upon himself a task which was extremely difficult to perform. To force him on the top of that to find room for very large emergency economies would have been more than was reasonably possible. I would ask the House also to remember this, that there has been a considerable amount of unforeseen expenditure in the course of this year in connection with the movement of troops, both in India and also in connection with the Burma rebellion. We hope that all that will be met from the Budget grant, but it comes to quite a substantial sum, and as I say, if the Commander-in-Chief is able to effect the original cut of 2 crores and 30 lakhs, and on the top of that to meet all his unforeseen expenditure and to leave himself in a position to face a drop of 5½ crores next year, if all that is achieved, I think the Army will have done very well.

I am left now only with this question of future retrenchment in the Army, and here I would like to say that I am sorry that in the course of this debate there should have been any sort of accusation or dispute as

to the work of the Army Retrenchment Committee. As far as I can see, the Army Retrenchment Committee has done its work in a way beyond all praise. The Chairman of that Committee, whose absence from this session we greatly regret, actually broke down his health in tackling the work as he did. I am sure my Honourable friend, Sir Muhammad Yakub, who is a Member of that Committee, will bear me out in saying that he was up at 4 o'clock every morning and that he worked both day and night. They got through their work very quickly, and they have given us something to work on which has been of the greatest possible value.

My friend, Sir Muhammad Yakub, was perfectly right when he said that the Army Retrenchment Committee had only to consider the business side of the Army administration, and I am sure all Members of this House will recollect that when the idea of an Army Retrenchment Committee came up, I made it perfectly clear that the question of reduction of troops was a question of policy which we were not able to consider at the moment, but that the question would be considered elsewhere. That question has been referred to an expert committee in England and the whole policy is now being reviewed. Whether it will be possible to effect any reduction or not, I do not know, but certainly the last word on the possibility of the reduction of troops has not yet been said. It is one of the difficulties with which we are confronted at the moment, that this question is one which we cannot tackle here. Apart from that possibility if, without going into the question of the reduction of troops, the Army authorities have been able to promise economies to the extent of 5½ crores, then in spite of all that has been said on the other side, I maintain, that it is a magnificent achievement. And I am not going to be put off from my tribute to that achievement by this talk about the figures being camouflaged, about figures for all sorts of other expenditure which ought to be Army expenditure not being included in the Army Budget. Possibly it may be maintained that in other countries charges of the nature referred to are included in the Army Budget; but, whether that is so or not, we are comparing the Army expenditure from year to year on the basis on which it has always been made up. It does not make a bit of difference whether you include the cost of strategic railways in the Railway Budget or the Army Budget. As far as the interests of Government and the people are concerned, the result is exactly the same. But I would remind my Honourable friends that there is a good deal to be said on the other side, and that there are now included in the Army Budget a great number of items which in other countries are not put on the Army vote at all. The whole cost of war pensions, for example, which is one of the reasons why Army expenditure has gone up so much since the war, is borne on the Army vote in India. That is not normally borne on the Army vote in any other country. The question of paying customs duties on imported stores is another constant item of grievance between the Army and ourselves. It is a very substantial sum. It amounts to something like 30 to 50 lakhs according to my recollection, and it has very substantially increased in the last few years. If Honourable Members want to have that question as a matter of sentimental interest gone into, and the Army figures readjusted on a new basis, there is no objection in principle to such a course, but I maintain that it would not help in the least and that, if it is taken up, there will be a great number of items to be taken out on the other side. Apart from the items which I have already mentioned, the costs of the Indian Marine and of the Air Force have to be borne here on the Military Budget, items which in other countries are generally shown

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separately. I personally would suggest that it is much better to stick to the existing basis, because then you can make comparisons from year to year. It is by comparison that you can test your position, and if you are going to alter the whole basis of accounting, you would be doing nobody any good and you would make it much more difficult for those who are interested, as representatives of the public, in following the course of public finance, to make those comparisons, which they ought to do if they want to test the effect of Government policies.

I am afraid I have detained the House at this late hour for a very long time. I would conclude with only one more remark. I have been asked what other countries have taken emergency action of this kind. I am not concerned to look round the world so as to guide our course by the example of all the countries of the world. It is quite sufficient for us to follow the example of the British Government. The British Government still stands, I maintain, as the Government which gives the lead, sets the tone, for financial integrity and financial soundness for the rest of the world. And if the British Government thought it necessary to introduce emergency procedure on exactly the same lines as we are doing, that I think is quite enough for us. As long as we continue to follow that example, then the Finance Members of India will not go far wrong.

Mr. President: The question is:

"That the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions be taken into consideration."

The motion was adopted.

The Assembly then adjourned till Twelve of the Clock on Wednesday, the 11th November, 1931.