

Wednesday, 11th November, 1931

THE  
LEGISLATIVE ASSEMBLY DEBATES  
(Official Report)

Volume VII, 1931

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(4th to 20th November, 1931)

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SECOND SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931



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# Legislative Assembly.

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

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# LEGISLATIVE ASSEMBLY.

*Wednesday, 11th November, 1931.*

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

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

### RULING RE SANCTION TO AMENDMENTS.

**Mr. President:** Order, order. Before taking up the consideration of the Finance Bill clause by clause, I should like to remove a misapprehension which appears to prevail in regard to sanction to amendments. My office has received an official memorandum from Government intimating that certain amendments do not require the previous sanction of the Governor General. Then there are certain amendments which it is held require the sanction of the Governor General, but that the Governor General has declined to give his sanction. Further, that there are certain amendments which it is held require the sanction of the Governor General, and that the necessary sanction was given. It appears to me that the right to decide whether sanction under the Government of India Act is required or is not required in regard to amendments to a money Bill vests entirely in the Chair (Applause), and I for one, as long as I occupy this position, shall resist any encroachment upon the prerogatives of the Chair. (Loud Applause.) But the problem does not affect the Chair alone. If it is held that the sanction of the Governor General is required for all amendments whether for enlarging the proposals for taxation embodied in the Finance Bill or for reducing that taxation, the Assembly is brought down to a practical nullity. If the Assembly has merely to say—without the sanction of the Governor General—that it will either pass the Bill as a whole or reject it as a whole, then it reduces the debates in the Assembly to a “nullity”, which I for one will never allow unless there is a clear provision in the Government of India Act to that effect. I have carefully studied the Government of India Act, and I do not find any provision which would justify that contention. I hold emphatically that Honourable Members are entitled to move amendments to money Bills for reducing taxation without any previous sanction. (Loud Applause.) Then comes the question as to whether Honourable Members can move amendments for increasing taxation. I hold that the only procedure which can apply to that issue is the broad principle that none but the Crown has the power of imposing financial burdens on the subject. It therefore becomes necessary, where the actual burdens on the people are proposed to be increased by amendments, that the previous sanction of the Governor General should be obtained. But in regard to all amendments for reducing those burdens, Honourable Members are perfectly free, without any previous sanction, to move amendments and to reach decisions by a majority vote. (Loud Applause.)

[Mr. President.]

I have taken this opportunity of putting the position very clearly, in order that no doubt may remain in regard to future procedure. It will, I trust, be recognised that it is but fair, both to the official and to the non-official Benches, to know exactly what the correct procedure is and I propose to follow that procedure on the present and all future occasions. (Loud Applause.)

**The Honourable Sir George Rainy** (Leader of the House): May I, Mr. President, say a very few words. I have not the least doubt that the ruling you have now given will be of the greatest assistance both to the official and to the non-official Benches. There has never been any doubt in my mind, or I believe in the mind of any Member of the Government, that it was the exclusive function of the Chair to decide, when occasion arose, whether a particular amendment did or did not require the previous sanction of the Governor General. A practice has, however, grown up by which sanction was applied for and was obtained to all amendments reducing taxation. The reason for that was the absence of a ruling, such as you have just given, explicitly clearing up the point, and the custom has been invariably to obtain the sanction of the Governor General to amendments reducing taxation, so that no objection could be raised at the last moment to prevent an amendment, which obviously ought to be moved, from being moved. All that difficulty, Sir, has now been removed by your ruling, and the position will be a great deal clearer and easier for the future.

**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): May I, Sir, say that we from the Opposition Benches are grateful to you for making the position clear for the future.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): I understood you to say very clearly, Sir, that we are at liberty to move any motion reducing the taxation proposed, and that as regards proposals for increasing the taxation we are not at liberty to move them without the previous sanction of the Governor General . . . .

**Mr. President:** Proposals increasing the burdens on the subject.

**Dr. Ziauddin Ahmad:** I take it however that it would be legitimate on the part of Members on this side of the House to make suggestions, in the course of the debate, not only about the decrease and increment of taxes, but also about new sources of income.

**Mr. President:** I have only one word to add in view of what has fallen from Honourable Members. I am sure that it will be recognised that it is their duty to look up the Government of India Act and the Rules and Standing Orders before sending in any amendment to find out whether previous sanction was required or not. If it is required, then they have to obtain it. So far as the procedure in the House is concerned, any Honourable Member can rise to a point of order urging that the amendment before the House required previous sanction and as that had not been obtained, it was out of order. The Chair will then decide whether previous sanction was necessary; and if necessary whether it had been obtained. If it was not forthcoming, the Chair will rule that amendment out of order. Honourable Members will now clearly realise how to act in the matter and I trust that in future such questions will not arise. (Loud Applause.)

In taking up the consideration of the Finance Bill clause by clause, I propose to begin with clause 3. Clause 2 deals with sections 7, 8 and 9, which are subject to discussion and decision later on. I propose to start with clause 3 and take the amendments to Schedule I.

The question is that Schedule I do stand part of the Bill. Mr. Bhuput Sing. Amendment No. 95, page 6.

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, I beg to move:

"That in Part I of Schedule I to the Bill, amendment No. 1 be omitted."

This amendment No. 1 is "Item No. 7 shall be deleted". I desire this amendment to be omitted . . . . .

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): On a point of order, Sir. Is it not strictly proper that we take clause 2 first and then go on with subsequent clauses of the Bill? As a matter of fact, so far as I know, the House is ready, on this side, to deal with clause 2 first.

Mr. President: I should like to point out to the Honourable Member that the difficulty is that clause 2 lays down that the taxation proposals shall operate upto the 31st March, 1933, and it deals with fresh taxation as amended by clauses 7, 8 and 9 of this Bill. When we reach these clauses, the House will be entitled to make changes in regard to them. If any changes are made, the wording of the clause will have to be subsequently amended. It was for that reason that the Chair suggested that it would be preferable to begin with clause 3.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): May I say a word, Sir? As my Honourable friend Mr. S. C. Mitra has said, I take it that many of the Honourable Members on this side of the House came prepared to discuss clause 2 and I submit to you, Sir, that there will be no inconvenience caused in taking up clause 2 in the first instance. My reason is this. It is usual in the Finance Act of every year to provide that the provisions of the Indian Salt Act imposing a duty on salt, and the postal rates and the rates of income-tax shall have operation for a certain period. Under the Finance Act of 1931 these duties will remain in force till the 31st day of March, 1932, and the object of clause 2 of the present Bill is to extend the operation of that clause to the 31st day of March 1933, that is, to extend the operation of the salt duty, the postal rates and the income-tax as contained in the last Finance Act to a further period of 12 months. I submit that that can be discussed independently of the other amendments for increase of taxation, and if the Government have no objection, and if you have no objection, Sir, I think it will meet the convenience of the House that clause 2 is taken up first. The issue that will be raised in clause 2 is whether the taxes that we sanctioned in March 1931, are to extend only for one year from that date or for a further period of 12 months, in other words, whether the proposal for taxation is to be for the next 6 months or for 18 months. That, I submit, will cover a question of broad principle which can be discussed independently of the merits of the other proposals for taxation.

Dr. Ziauddin Ahmad: I beg to support my Honourable friends that we on this side of the House only came prepared to discuss clause 2, and a good many Honourable Members have not come prepared to discuss the

[Dr. Ziauddin Ahmad.]

other clauses today. This clause raises a very broad issue, namely, whether the taxation should remain in force for 18 months or for 6 months. I beg to support that clause 2 may be discussed first.

**Mr. President:** May I venture to point out to Honourable Members that, having had the Finance Bill with them for a considerable period, they ought to have come prepared to consider the whole Bill in such order as may be held to be most convenient. The argument that they are not prepared to consider the rest of the Bill, therefore, does not appeal to the Chair. As regards the convenience of the House, the Chair has no objection. The Chair has considered the matter very carefully and it has come to the conclusion that perhaps the better course would be to leave clause 2 to a later stage, especially having regard to the fact that clauses 7, 8 and 9 are subject to discussion and amendment. If, however, the House is practically agreed that clause 2 should be taken up first, the Chair will raise no objection. If clause 2 is discussed now and alterations are subsequently made in sections 7, 8 and 9, it is open to the House to introduce consequential amendments on the occasion of the third reading of the Bill. The Chair should like to know whether Honourable Members desire to discuss clause 2 now or whether they will begin with clause 3.

**Sir Lancelot Graham** (Secretary, Legislative Department): Sir, from the strictly procedure point of view, I do not think the matter is really vital. Actually, as you, Sir, have pointed out, it may be unusual to put a clause before the House which contains a reference to another clause of the Bill as amended, and I notice on the paper motions for omitting these clauses,—8 and 9 certainly and possibly also 7. But that is a difficulty, Sir, which can be cured, as you pointed out, at the third reading by what you called purely consequential amendments. Therefore, Sir, from the point of view of procedure we have no objection.

**Mr. President:** I take it then that there is no objection to beginning with clause 2. (*Honourable Members:* "No, Sir.") We will take up clause 2 then.

The question is that clause 2 stand part of the Bill.

**Mr. S. C. Mitra:** Mr. President, at the very outset I thank you for kindly permitting me to begin with clause 2 and I also thank the Honourable Sir Lancelot Graham for not raising any objection to this procedure. My motion is for the deletion of clause 2. The purpose of clause 2 is to extend the operation of the Finance Bill for a year more, that is, till the 31st March, 1933. I am opposed to that idea from two standpoints. The question has been raised in this House primarily on technical conventional and legal grounds as well as from grounds of practical utility. As regards the legal point, I think there is nothing specific in the Government of India Act itself to say definitely that the Finance Act should be for one year only and that each year there should be an occasion for the House to vote for the Demands. But even if it is not so specifically put, I think the spirit is quite clear that the House should get an opportunity to vote for the Demands. The Honourable the Finance Member has said that the House will not be deprived of the opportunity of voting the Demands. I contend that there is no use in voting the Demands if the House does not get any chance to say what amount of money they shall have to sanction for meeting the cost for the year. I, however, do not



like to argue the legal point, as my Honourable and learned friend Mr. Krishnamachari said he would help us on all legal difficulties in this matter. Now, I wish to argue from the practical man's standpoint. We find as a matter of fact that we could not really provide adequately in our last Finance Bill for 12 months even. There are uncertainties, and our expectations are not going to be realised. We found as a matter of fact that it was not possible for the House to pass an adequate Finance Bill for 12 months; we had to come after 8 months to pass a fresh Bill. If we follow the logic of events, I think it is not proper for the House to arrange for 18 months now; but if the Honourable the Finance Member agrees, the House should consider whether the period should be a little less; that is, less than 12 months; because everything is in jeopardy. The Finance Member thinks that his expectations may or may not come true. He is perfectly justified as a practical man in thinking that his expectations may not be realised. If we follow the logic of it, what follows? The Finance Bill should not be even for 12 months; if possible it should be for a lesser period. What is it that is proposed to be done here? Every day we read something new in the newspapers and if the Round Table Conference in England fails to attain its object, who knows what will be the revenue even for the rest of the four months, not to speak of the 18 months. Why should this House commit itself for a whole year ahead?

Then, there is the question of sound finance. As a matter of fact the Honourable the Finance Member twitted our friend Sir Cowasji Jehangir that we should not neglect the principles of sound finance. Even from the point of view of sound finance, why should this House burden the whole of India to pay the deficit for only one year within a period of another twelve months? The only point that I could get from the Honourable the Finance Member's contention was that it was not possible within the remaining four or five months to make up the deficit of Rs. 19 crores that will accrue in the course of the year when we make calculations for the current year. Is it sound finance that the whole of this deficit of 19 crores should be met by the people of India by additional taxation extending only to a period of 12 months? It is absolutely true that nobody could foresee a deficit. If there are deficits, they must be met by additional taxation spread over a considerable number of years, particularly in these bad days when the earning power of everybody has suffered. So I think that even according to strict finance, it is illogical to claim or want, by additional taxation in the course of another 12 months, to recover money to the tune of 19 crores to meet the deficit for this one year. That is one reason why this period should not be extended to more than the usual period. After four months we can see what the position is. The other reason is that the House decided that there should be retrenchment first, and the Honourable the Finance Member very rightly said that we must try to retrench our expenses first and then we should have recourse to additional taxation if necessary. That is a proposition which was accepted by all, and following the very good tradition of British financial experts, let us in this case also follow them. We find that they have provided for two-thirds of their deficit from retrenchment and one-third from taxation; unfortunately, as it appears in our case, we are not even going to do justice in the reverse proportion; that is to say, not even one-third of the deficit is to be met by retrenchment. My proposition for limiting this Finance Bill to its usual period is strengthened by the fact that, if we restrict it to the year, then the House will get an opportunity to go over all the retrenchment proposals of the various Retrenchment Sub-Committees.

[Mr. S. C. Mitra.]

My shrewd and able friend, Mr. Gaya Prasad Singh, on the last day pointedly asked the Finance Member whether a day would be given to the House to discuss the reports of the different Sub-Committees that have submitted interim reports. I am sorry it missed the Honourable the Finance Member. He did not say whether this House will get an opportunity. But I maintain that the General Retrenchment Committee itself was a creature of this House. If the General Retrenchment Committee and the various Sub-Committees have any responsibility, their responsibility is to this House. I know that there is a Sub-Committee of the Executive Council to sit in judgment over the Sub-Committees. I for one wish that all the recommendations of the Sub-Committees should either be examined or accepted by this House generally, or if they have any objections to any particular items, the House should judge how far the Sub-Committees have been right or whether they have gone too far, but not to leave the responsibility of accepting the recommendations exclusively to the Committee of the Executive Council. I therefore maintain that, for the principles of good finance, it is necessary that the House should judge what money may be had from retrenchment.

As regards retrenchment, I still hold that there will be opportunities before the final voting on this Finance Bill to say whether the recommendations of the Sub-Committees will be accepted. I can, however, give the House some idea as to how their recommendations have been dealt with. I know there was only one suggestion that was made by the whole Committee, but unfortunately I do not find that Resolution in the report of the Committee presided over by Sir George Schuster himself. It is about the graduated cut in salary. The General Committee with Sir George Schuster in the Chair voted—I do not like to say unanimously but I can say *nem con.*, because there was no dissident—a graduated cut. I will explain to the House exactly what recommendation the Committee made. They said after mature deliberation that there should be a graduated cut in salaries. For the first Rs. 40 it should be 2 pice for each rupee of pay. From Rs. 40 to Rs. 100 one anna, from Rs. 100 to Rs. 500 10 per cent., from Rs. 500 to Rs. 1,500 15 per cent. and above that, 20 per cent. That was the recommendation of the entire Retrenchment Committee, of which Sir George Schuster himself was the Chairman. I have nothing specially to say against the Finance Member, because as a matter of fact it must be expected that he is not one man to decide these questions. There has been pressure suddenly both from upwards and downwards. I shall later on show how we could get not only Rs. 35 lakhs, but about Rs. 95 lakhs from salaries alone on the civil side. But before dealing with this, there is one thing I should like to mention. Sir George Schuster said that if we adopted a graduated cut, we would get about Rs. 20 lakhs less. I would like to mention what happened. It will not be very difficult to calculate. According to Government's suggestion, salaries of less than Rs. 40 have been excluded. We suggested that those salaries also should bear a cut of two pice in the rupee or 3½ per cent. From 40 to 100 we suggested one anna or a cut of 6½ per cent. Government has excluded the former class; so that question does not arise. As regards the latter class, we suggested 6½ per cent. while Government have fixed 10 per cent. As regards getting money from salaries of more than Rs. 100, we suggested that up to 500 there should be a cut of 10 per cent.; between 500 and 1,500 the cut should be 15 per cent., and above

1,500 the cut should be 20 per cent. Thus our scheme was on a larger scale of cut, but the reason why it has been found that there will be a shortage is that somebody suggested the salaries should be cut according to the telescopic system, that is, a man getting Rs. 1,500 a month, will pay only  $3\frac{1}{2}$  per cent. on the first 40 rupees,  $6\frac{1}{2}$  per cent. till 100 rupees, 10 per cent. till 500 and so on, and only 15 per cent. on the balance. Of course according to that system of cut, our scheme was calculated to give 20 lakhs less than the Government scheme. But surely we can do away with the telescopic system and substitute the block system of cut if that is more equitable. But as a matter of fact I find that the Finance Member, whatever he might say, has accepted the graduated cut, because His Excellency the Viceroy very graciously accepted a 20 per cent. cut, the people lower than him, the Executive Councillors have accepted a 15 per cent. cut, while others below him have had this 10 per cent. cut. So the only difference is that most of the Indian Civil Service people have had a uniform 10 per cent. cut. But it is a graduated cut taken as a whole: and to denounce the graduated cut is, I think, unreasonable, seeing that as a matter of fact they have given effect to a graduated cut. All over the world they have accepted this graduated cut, and it is only common sense that those who can afford to bear it, should bear the heavier burden, as it is said in the railways, "What the traffic can bear", especially in a country like India where the salaries are the highest throughout the world—I think it is only the President of the United States of America that gets a higher salary than the Viceroy here. As regards the official salaries I have gone carefully through Whittaker's Book and find that in every department the salaries here in India are invariably on a higher scale. And here I would like to say this. When the Government of India was a small Government, a bureaucracy, then it was just and proper to pay high salaries to a few people; but now they are an anachronism, because on the one side we have popular representation and we want more men sharing in the Government. I appeal to the Government to decide once for all on this point: if they are to get high salaries, logically speaking it must be a pure unalloyed bureaucratic system consisting of a few people getting perhaps a high rate of pay, and you can expect from them the highest amount of work. But if you mix up democracy with it and keep so many Executive Council Members and Ministers in the Provincial Councils, by comparison with the European officers, though they know that a lower grade of pay will suffice for them, still because of false ideas of prestige and because they think others will look down upon them, they are also paid the same scale of pay. The whole thing therefore has become an incongruity. On the one side you have the highly paid officials who must be maintained; at the same time you have the democratic element, a large number of people must find some place in the Cabinets of the various Governments. So I say it must be decided once for all now whether we must have these highly salaried officers in a bureaucratic system or whether we must not reorganise the whole system and have people on lower rates of pay. I think there will be an occasion later on for me to deal with the scales of pay, because I have many things to say then about the grades of salaries obtaining in India. I still maintain, however, that if we are to accept a block cut of 10 per cent. let us do it in all earnestness. I find from Mr. Jukes' Report page 14, that in pay and pensions and sterling allowances, etc., the total amounts to Rs. 9.5 crores. A block cut of 10 per cent. will, on the civil side alone, give us 95 lakhs. But we have got only 35 lakhs according to the proposed system.

[Mr. S. C. Mitra.]

One other matter that I want to mention is the Lee concessions. It is very natural for the Honourable the Finance Member to be very sympathetic and considerate about the higher services. That is natural. But you must also consider who are paying this amount. I do not like to deprive a single man of anything he has got; but we must realise who is paying these taxes. By one stroke of the pen these Government officials have been exempted from this surcharge in income-tax. Is it fair that these people should be exempted while all others are as a matter of fact suffering? Everybody, except the salaried official, is getting reduced earnings: otherwise what is the reason for Government getting reduced revenues? It is because every individual citizen has suffered in his earning capacity. That is why the income of the nation has become reduced and the country is in the position of a bankrupt. It is also true that the salaried officials have suffered nothing because their salary is fixed. They are the only people who have not suffered, while the agriculturist, the trader and the manufacturer have all suffered: the agriculturist and the manufacturer get less for their products than before, but the salaried people continue getting their full amount. Can any one deny the fact that the income of tax-paying Indians has suffered more than ten per cent? Then, why this sympathy for these few high salaried officials? That is the question I ask in all earnestness. Why should not these gentlemen who are getting a scale of pay much higher than anywhere else in the world, in this strenuous time, contribute their quota to the treasury to help India in these hard times? So, I say, if it is to be a block cut, let it be a block cut of 10 per cent. for all. The Finance Member said that the Lee concessions form part of the pay of some of these officers. If they form part of the pay, then what logic is there in holding that this portion of pay, which has been specially provided for them, should not have the usual cut of 10 per cent? I hope the Finance Member will explain why, if the Lee concessions really form a part of the pay, they should not bear at least this 10 per cent cut like other cuts in salary.

The Finance Member was very kind towards the poor salaried officers who get less than Rs. 40 a month. I may say in passing that the Retrenchment Committee was not a select committee—it was an open committee and as a matter of fact I would have been very glad if the public had attended its meetings and seen for themselves how we were striving. We came to the conclusions as we did, for the best of reasons. Therefore, I say that some of us argued that there should be an exemption of the lowest salaried people, I mean those who are in receipt of mere living wages like Rs. 40 or Rs. 60, and I am glad that the Honourable the Finance Member has accepted our suggestion in a way, but I am told that all the railway officials and postal workers who are strenuously working throughout the year are not getting the benefit of the exemption. This step has been taken, I understand, with a view to save the police from the cut of salaries, this sympathy has come from the Government only with a view to saving the police from the cut.

Then coming back to the Budget position again, I find that a surplus of 4 crores and odd has been provided. Can anybody tell us why there is a surplus in this very hard time? Is it because the Government are afraid that the civil disobedience movement may be revived at any time and cost them more money, or is it apprehended that more police might be necessary? Why should provision be made, even in such bad years as these,

for a surplus Budget out of additional taxation of one year alone? These are some of the many grounds for which, I think, this House should consider that the period of taxation covered by the Finance Bill should not be extended beyond the usual period of 12 months. I say again it may be necessary to revise it even earlier than 12 months, but there is no reason whatsoever for extending it unusually to 18 months.

Perhaps the House will excuse me if I deal in a little greater detail with the Retrenchment Committee because that forms the major portion of this scheme. The Honourable the Finance Member said that the General Purposes Committee would have an opportunity to sit with the financial representatives of the Local Governments to discuss the question of general retrenchment, but so far as I know, up till now we have had no opportunity to do so. I understand that in that Committee, there was a proposal for getting back to the old scale of pay, I mean the scale that obtained before the war, and the financial representatives that met in conference were agreeable that the old scale was quite sufficient for the provincial men, but when the question was raised about the I. C. S. officers, difficulties were raised. I do not know how far the information we have got about this is correct, because, as I said, we have so far had no opportunity to meet the financial representatives of the Local Governments and discuss the question, but apparently there was no reason given for not convening a joint meeting. One reason that was given out, I think, was that the representatives had no chance to consult the Local Governments, and so they could only offer their private or personal views. I shall be glad if the rumour is contradicted, but there is no doubt whatever there was pressure both from above and from below. We know that the pressure will be very strong now with the formation of the National Government in England with a strong man, with the Great Moghul sitting there,—we blame the Great Moghuls,—but I do not know if ever the Great Moghul went against the wishes of Wazirs and their financial advisers. The rumours that we have heard may be correct or incorrect, but we know that, as a subsidiary branch of the British administration,—we are feeling it every time—this Government are not free to go their own way even where, according to the financial convention this House and the Government agree there should be no interference from the Secretary of State.

I shall now deal with some of the remarks made by some Honourable Members about the various Retrenchment Sub-Committees. In the first place, I should like to point out to the House that, though in the papers it has been shown that the suggestions of the Retrenchment Committees have been accepted, if not *in toto*, at least in a large measure, yet it is all a mere eyewash. My friend Sir Muhammad Yakub tried to show that in the Army Committee they suggested certain cuts, and when you read the speech of the Finance Member, you find that at least 90 per cent. of their suggestions have been accepted, while as a matter of fact what has happened is that some reductions which were not touched by the Committee have been added up to the retrenchment, while some of those items which have been recommended by the sub-committee have been rejected, and the total has been shown as Government having accepted almost all suggestions. The same thing has happened with regard to the Director General of the Indian Medical Service and the Public Health Commissioner. If you look to the percentage, I think you will find that the percentage is almost the same, but what has happened? As a matter of fact, we did

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not want that there should be a Director General for medicine. Our contention was, that it being a provincial transferred subject, there was no necessity to have an elaborate staff in the Government of India, in fact it means no credit to provincial autonomy if everywhere the provinces are interfered with by a staff here. As a matter of fact, the main function of the D. G., I. M. S., is to look after the appointments of a few recruited I. M. S. officers from the Army service. They are recruited by the Army authorities; then some of the officers are transferred to serve in the provinces. Here a register is maintained by the office of the D. G., I. M. S., under the very high sounding name of co-ordination and supervision, and a huge staff consisting of a Director General on Rs. 3,500, a Deputy Director General and an Assistant Director General with a large ministerial staff under these people is maintained. Then, to duplicate the work, there is another Public Health officer, whose duty is mostly to attend functions held outside India, and as soon as he has got sufficient experience, by reason of his being a sufficiently senior man, he retires to an English village, and the whole experience acquired by the man at our cost is lost to the country. We suggested that it would be far better that provincial officers with a lesser number of years in service should be sent abroad, so that their experience might benefit the whole of India; but the result is, though in the grant itself you find that 90 or even 100 per cent. of the recommendations under Medicine and Public Health have been accepted—really of course there is a reduction by reducing the grant from the Research Fund by a further lakh. Grants for the Pasteur Institute, X-Ray Institute, Medical Research, Reserve, etc., have been reduced by a further cut of about Rs. 44,000 and so on. Though laymen might think that the recommendations of the Retrenchment Committee have been accepted, really all the beneficial part of it has been taken away, while the portion that was considered as redundant by the Committee has been maintained. So I again repeat that this House should have an opportunity to examine how far the recommendations made by the various Sub-Committees have been accepted, and before all those matters are closely examined, it is idle to prescribe taxation for another 18 months, knowing for certain that every item of income is uncertain and the expenditure side may also be said to be uncertain.

Sir, I am reminded of one of your many speeches wherein you emphasise that the Government should see that the national dividend increases. It should be the first concern of every Government to see that the question of unemployment is solved. Even the richest countries like America and England cannot escape the effects of this unemployment, even though the individual income there is several hundred times higher. But this Government think that the only duty of a Government is to rule with a firm hand; their only point is to see that there is no retrenchment on the Army or the police, as if the purpose of a good Government is only to rule and to have only one department, the department in charge of my Honourable friend Sir James Crerar. In every civilised country there is provision for old age pensions; there are several different kinds of arrangements for the relief of the poor, and it is the duty of the Government to arrange for those things. But here they think that their one duty is to rule with a high hand, and the effect is that the Government cannot expect any real co-operation when they are even in dire necessity. My Honourable friend Mr. Moore said, speaking of the taxation on machinery that we always take the opposite view. When there was a talk of reducing

the taxation on machinery, we opposed it because we thought that it was facilitating English machinery, while if additional taxation is proposed we argue in the contrary way. As a matter of fact, we may tell you that if we really thought that there was a clash of interest between the Britishers and ourselves, we should not have come here. We are here because we realise that there is a great field for co-operation. In fact, even Mahatma Gandhi himself has said that there is chance of India giving Imperial preference by statute if we are once assured that the British Government here are looking after our real interest. They say they are the trustees of the dumb millions; but they should also know that these dumb millions are half-starved millions. What is their income? It is  $3\frac{1}{2}$  annas a day, at the highest calculation, if you take the average income at Rs. 70 per year. If you take away the larger incomes, then it will be less than three annas a day. I have great sympathy for the Official Benches, for the high salaried officials. I can realise that a cut of ten per cent. all of a sudden is very hard, but how can they forget where this one pice comes from? The Honourable the Finance Member says that the salt tax is a very convenient tax. It is so if you look at it from the standpoint of collection. It is an inelastic thing; it is a necessary of life; and nobody can escape the tax on it. If the only object of Government is to raise money, it is all right, but I appeal to my friends in the European Group, let them consider what difference this one pie in a pound makes. Do they know the practice in this unfortunate country? Our village people go to the mart twice a week. They purchase a seer of salt. These pies are not available anywhere except in the banks. If they have to pay anything they have to pay in pice and not in pies. The surplus will go to the middleman; he will derive benefit from it. The poor man who earns not more than three annas a day pays one pice for salt, one pice for sugar, and then as regards cloth—my Honourable friends over there have said so much. The people who will be affected most by this in my province are what are known as *Julahas*, a section of people in Eastern Bengal who weave the higher counts. Our Indian mills are producing coarse cloth with short staple cotton. These poor people have their own handlooms, and they weave with long staple. If the price of cotton is increased, that will also be a burden on the poor people. I am afraid some Honourable Muhammadan Members have decided to vote for the additional salt duty. People who represent rural constituencies ought to know the effect of this additional tax. Of course, Members on the Government Benches may say it is one-hundredth of a shilling or one-thousandth of a £100 sterling; but that does not matter. If you once raise the price by a single pie, the effect is that the poor man pays one pice. So you must be careful when you put any tax on the necessities of life in a starved country. Your responsibility is great. I know the constituencies are not wide awake; unfortunately they do not even know how some of their representatives vote. But the time will come, when out of necessity they will have to do it. Our friends here have been saying during these ten years in this House that the military expenditure can never be brought down to less than 50 crores of rupees. They said so not once or twice, but several times. But, Sir, necessity is the mother of invention, and this very Government have brought down the military expenditure to Rs. 46½ crores. I tell you, if there is any trouble anywhere they will bring it down to Rs. 40 or 35, or 28 or 29 crores as it obtained in pre-war days when the price level was exactly the same as it is now. Sir, I have gone through these papers and I find that there is no reduction in the Army expenditure on the rations,

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though it is argued here that the prices of foodstuffs have gone down and that is the main reason why the salaries should be cut. I wish that more Indian Members could see through the intricacies of this Government and how it is working. Really it is a machinery, and it works in such a way that it is beyond the capacity of any single man to get out of it. I know there are men in the Treasury Benches with the very best of intentions. They are as well-intentioned, as clever and intelligent, and some of them are as patriotic as any on this side of the House, but they form part of a machinery. I will give you one illustration as regards the scales of pay. Here, in this big Secretariat, it is not that there is a basic pay and they get a certain percentage when they work here. The pay of all the Secretaries is fixed at Rs. 4,000 a month, similarly, the pay of the Joint Secretaries, the Deputy Secretaries, etc., is all fixed. Do you know what is the result of this? Let me give a concrete case. I think it was Mr. Haig or somebody else. He officiated even as an Executive Council Member, getting Rs. 6,000 and odd. Then I think he was on the Reforms Committee, but when he went away, these posts were filled. When he came back he would have to go to his province. What is the position there? I am given to understand that the seniormost Civilian in the district draws only Rs. 2,500. The District Magistrate is the head of the district administration there without any guidance whatsoever, and he has to meet critical situations. The highest pay he gets is Rs. 2,500. But if he comes to the Secretariat here and remains here in the chain he gets three times his pay. It is an absurd system, but it has obtained for long and it still continues. I go back to my former point. These retrenchment measures

1 P.M.

should be thoroughly threshed out by this House either by a Select Committee or the whole House going into committee, or by any other step which the House settle for themselves. In the meantime the Honourable the Finance Member should not press for the taxation proposals beyond the allotted time for a year. If necessary he may even come up earlier, but in no case should it be extended beyond its natural period. Sir, I move that clause 2 be omitted.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): I support the motion of my Honourable friend, Mr. Mitra, wholeheartedly. I had also given notice of such an amendment. I am not one of those who oppose the Government in season and out of season, and I admit that Government are in financial trouble and my forecast at the time of the Railway Budget became true, and the Honourable the Finance Member has come before the Assembly to want more money for balancing the Budget. But, Sir, I have no hesitation in saying that the Honourable the Finance Member has gone too far, and without taking the trouble of scrutinising item by item, he has made a desperate attempt to raise all the taxes and not only this much. He has created new items for fresh taxation and wants to extend this increased taxation to the financial year ending 31st March 1933. Sir, in my opinion this is a premature and uncalled for attempt. If Government are in need of money, they are at liberty to try to get the Finance Bill passed, but they must restrict this Bill for the remaining period of the year ending 31st March 1932 only. By that time Government will get the opportunity of testing the effects of this Bill and at the same time they will be in a position to know the real situation of the finances.



Sir, you know firms and mills are very busy in England now. Old firms which were closed a year or two ago have restarted their business. Fresh big orders have been placed by India. The number of unemployed in England has gone down. These factors show that imports in India will increase very soon. I think there will be no need of extending such an unbearable tax for the next year also.

Sir, at present it is very difficult to say what will be the effect of this enhanced rate of taxes. Some enhancements may prove a failure. Some may prove unbearable. Government should wait to see the result, and after six months' experience they will be in a position to decide which items they should extend and which one they should not.

The same Assembly which they are asking today to pass this measure will remain in session after three months also. I cannot understand why Government are in fear of the next session. If they want to get the benefit of some Members absent, that is, of those Members who have gone to London on their invitation to attend the Round Table Conference, it is not appreciable. It will decrease Government's position in the public eye and they will lose their confidence. Already we have a grievance that the Government have nominated fresh recruits in place of their absentees to maintain their strength, and this will be the other grievance if the Government will try to extend the measure for the next year also, in the absence of some representatives of the people for whose absence they are themselves responsible. Sir, I do my duty and warn the Government that this will be condemned by generations still unborn. If this is not the idea of the Government they should restrict this Bill for the current year only, and they should bring a new and better measure in the ordinary course in the month of February 1932 for the year ending the 31st March 1933. I want to assure my Honourable friend Mr. Mitra that no Mussalman will vote for any unjust measure. We have full sympathy with the poor, half clothed and starving people of India. With these words I support the motion of my Honourable friend Mr. Mitra.

**Pandit Satyendra Nath Sen** (Presidency Division: Non-Muhammadan Rural): I rise to support the motion moved by my Honourable friend Mr. Mitra. Of the various Bills that come before this Honourable House, this emergency Finance Bill has a peculiar character—of being belated and premature. From the peculiar nature of this Bill one is induced to think that the belatedness is sought to be compensated by the prematurity. This Bill is belated in regard to the remaining portion of the current year and premature in regard to the coming year. About the peculiar character of this Bill, I am reminded of an office clerk who when leaving office early was challenged by his office master who said "Well, Mr. So and So, you are going home early" and the prompt reply was "Yes, Sir, but I came late". In the present case also one part of the Bill is belated and the other part is premature and the two are intended to balance each other. This Bill is sought to be extended up to the end of the next financial year. From our experience of the last months, we see that most of our calculations have been falsified and there is no knowing what will be the condition of the country during the coming year. Already some items such as jute, coal and tea have begun to appreciate and there is every likelihood that the condition of the country will be greatly improved in the next year. What is the good then of being too wise, in more than a superfluous degree, by extending the scope of the Bill to the end of the next financial year?

[Pandit Satyendra Nath Sen.]

Sir, in a country where most of the people do not provide for the next month or even for the next day, the Honourable the Finance Member wants to provide for this year, for that year and for the following year. In his speech delivered in Simla, the Honourable the Finance Member said:

"If these forecasts are fulfilled, then even if there is no improvement in the economic position, the Finance Member, when he presents the Budget for 1933-34, will find himself in possession of a surplus of 5.23 crores and he will be able to make a substantial easing of the burdens."

Sir, as I have already said, the condition of our people here is such that there is not enough provision for their needs even for the next month, so this measure is one which is more than can be justified or encouraged. Sir, I should request Honourable Members to concentrate their attention especially on this point, because if this amendment is carried, two-thirds of the mischief will be removed, mathematically speaking. (Laughter.) There is another aspect of the question. If these prohibitive taxes are allowed to continue, it will be very difficult for the future legislators to remove them from the Statute-book. Our experience is that when a tax comes, it comes to stay; and our apprehension is that it will be the case in the present instance also. Sir, I ask, in how many ways do the Government want to fleece the poor people of this country? Instead of cutting down the high and princely salaries of Government officials adequately, they are causing hardship to the people in several ways.

Sir, if I may be allowed to make a few observations on the method of retrenchment that has been adopted, I should say at once that it is open to two serious objections. The first objection is that the scale of cut adopted is not a graduated one. Or, if you want to call it a graduated one, it is not graduated in the right way but just in the reverse way, because it is proposed that the cut should be inclusive of the income-tax surcharge. It comes to this that in the case of the men on high salaries the ten per cent. will come down virtually to six or seven per cent. only: in other words, the principle that is going to be followed is, "the higher the salary, the lesser the actual cut." Sir, I am here reminded of a saying which is prevalent in our part of the country, namely, "*Uta boojhilay Ram*"—"Oh, Ram, you have understood my prayer just the other way!" The recommendation was for a graduated scale, but the scale adopted, though graduated no doubt, is graduated in the wrong way. Sir, the second point is that higher cuts should have been adopted in the case of men on higher salaries rather than serving many small people with notices for the termination of their services. Sir, by doing so, the sanctity of Government service has been violated. Many people encumbered with families consisting of women and children have been stranded, and they find nothing but darkness all around. Personally speaking, Sir, I am for the retrenchment of salaries—not of posts. If any post is found to be superfluous anywhere, that post should be abolished for the future not just now unless the permanent incumbent can be provided elsewhere.

Sir, to return to the topic of taxation, Government are going to impose on the people various taxes, direct and indirect. Salt, cotton, paper, motor car, and so on and so forth: no item has escaped the vigilant attention of the Finance Member. Not a day passes without our getting notes of wailings from various quarters. Sir, the measures are too drastic to

be taken in advance. Eighteen months' time is too long a period for us to commit ourselves to the taxation scheme of the Government. Let us see how the system works during the first six months, and if necessary the measure may be extended up to the end of the next year. Sir, with these few words I beg to support the motion moved by my Honourable friend.

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.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Mr. President, in the last session at Simla we were apprised of the fact that the Prime Minister of England would help India in India's credit. We were all jubilant and we thought that if India's credit ever goes *put*, the English Prime Minister and the English people will come to our help.

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): You were living in a fool's paradise.

**Mr. Muhammad Azhar Ali**: As my Honourable friend, Sir Muhammad Yakub, says, we were perhaps living in a fool's paradise. But even if we were not living in a fool's paradise then, since the introduction of this Budget, we are in a greater fool's paradise than ever before. Sir, our impression then was that if the industrialists or agriculturists of India ever felt any difficulty, the Government of India and the British Government would help Indian banks through the English banks. But we find that several Indian banks have become bankrupt. We find that the agriculturists do not find any help anywhere. We find that the Imperial Bank of India does not come to the help of the landlords in the provinces. The landlords have absolutely no place to go to, when they have to pay land revenue. When the industrialists want to start mills or to recoup the present condition of the industry, they do not find money in the Indian market. That was the situation, then. What is the situation now since the introduction of the Budget? It has become more tragic. Ever since this Budget was introduced, we are reading in Indian newspapers that the conditions of India are becoming worse and worse. No source of taxation has been left out. All kinds of taxes have been imposed on the heads of Indians. If the object is to crush India, if the object is that the present depression in India should continue and increase, I may warn the Government that the situation will go from bad to worse. Public opinion, so far as we gather from the papers, is absolutely against the introduction of the present Budget with the proposed items of taxation. We find that the salt tax has gone up again, that a super-tax has been introduced, and that the poor people of India, as well as the industrialists, are made to suffer. Our Finance Member said the other day that Indians should follow to a great extent the politics and the affairs of England and other places. I submit that if the Government in England had proposed a

[Mr. Muhammad Azhar Ali.]

Budget for two years; continuing up to 1933, then it would be justifiable to introduce this Budget as well. If not, Sir, why should this new system be adopted for India alone? Sir, we find that in England the delegates to the Round Table Conference are being played with. Here in India too we find that we are being played with with this jugglery in figures at every step. The other day we were crying about the ratio of 18d. not being consistent with Indian conditions. Our rupee has also been now linked with sterling—another tragic feature of the currency in India. Sir, in the provinces too the landlords and the tenants are being played with. Thus my submission is that in every walk of life where we Indians come in contact with the present system of Government, we find that we are being played with. There is no stabilising of our currency and other business of the country. Sir, it is only by retrenchment that we can make conditions in India better. I think that is the only way in which we can meet the budgetary conditions. The Railway Department has sent away thousands of people; the Postal Department is sending away thousands of people. The Army Department was a closed book, but now it is said that it has been opened to Indians, although I find that if it has been opened, it has been opened in a niggardly fashion and in a most meagre way. The cry of Indians is that it is not through taxation that conditions will be bettered, but only through complete retrenchment of the British Army of occupation in India. Again, Sir, raw materials are being taxed, and cotton producers are thinking that they will suffer very much. These being the conditions, I think the Government of India ought to take stock of all these things and try their best to meet the prevailing conditions.

**Mr. S. G. Jog** (Berar Representative): Sir, I am very thankful to the Chair for the opportunity that has been given to me. Somehow I was rather unfortunate in not getting an opportunity when the general discussion was going on on the Finance Bill. One stands at an advantage in taking part in the general discussion, where it gives one the right or prerogative to say many things, either relevant or irrelevant, reasonable or unreasonable, sense or even nonsense, sometimes more nonsense than sense. I am very sorry that I could not avail myself of this valuable right of taking part in the general discussion. I must congratulate the Chair for having granted the right to me, even though not in the general discussion of the Finance Bill. I think I need not be sorry for having lost the opportunity in the general discussion. At the outset I must make it clear that my association with the Finance Member in the Standing Finance Committee has created a soft corner for him in me. I must also congratulate my Honourable friend Sir Lancelot Graham, who is generally unyielding and unbending, that on this occasion he has given us an opportunity of moving the amendments to clause 2 first.

**An Honourable Member:** And the Chair also.

**Mr. S. G. Jog:** And the Chair also. I will first deal with the constitutional question raised in the general discussions by a constitutional lawyer of great repute, I mean, my friend Sir Hari Singh Gour. The other side of the House probably treated it with contempt—felt that there was nothing in that issue. Although I do not hold that reputation of a great constitutional lawyer, still I have got something to do with law, and I for one cannot understand how a Finance Bill extending over a period of 18 months can be introduced legally. Apart from the constitutional

question, there are other questions of propriety also. We are introducing a Finance Bill at a time when you know for certain that many Members are busy with important issues—I mean in the Round Table Conference. Government on their side have asked those people—I do not know whether voluntarily or under compulsion on the part of Members—asked those people to resign and have replaced them by other people. There is no such thing done on this side of the House. On the contrary, an attempt, either deliberate or otherwise I do not know, an attempt has been made to send a few Members on this side to work on Committees such as the Orissa Committee. It was only the other day I gave notice of a short notice question, and I must congratulate the Honourable Member in charge that he received notice of that question. I have suggested in that that an arrangement should be made to get the Members of the Assembly who are working on the Orissa Committee to come here and vote on such an important measure which the Government have introduced. With such steps as the Government are taking, I am afraid the Government have played a foul game with the House. They have increased their strength and diminished our strength.

As regards the Finance Bill that has been introduced, the Finance Member has often used his pet phrases and has given a warning to this side of the House to face facts and realities. We on this side of the House are all aware of these stock phrases of the Finance Member. We on this side of the House always mean business and are always ready to face facts and realities. We are oftentimes sentimental and say we would look at the Budget from that point of view. I extend my sympathies to the Finance Member, who has had to deal for the last so many years with deficit Budgets, and probably it is no wonder that he has lost his balance of mind. He is very solicitous about maintaining the financial equilibrium, monetary equilibrium, but in doing so, he has forgotten that he has got to maintain his balance of mind also. In framing a programme of taxation, he has to see that it affects all equally; it must be just and it must be equitable. I will take only one item and draw the attention of the House to it and challenge the Honourable Member. I must congratulate the Finance Member on the exposition of his theory with which I am in entire agreement. I shall read from his own speech as to the theory which he expounded for applying the principles of retrenchment. He gave two or three conclusions:

“These are :

First, that any cut must be general and on a fair basis.

Secondly, that it should be of a temporary nature not extended beyond the need of the present exceptional emergency. Its justification is in the need for a common sacrifice in a national emergency. Although it may be said that the subordinate ranks have gained from the low level of prices, there is as yet no proof of a substantial fall in the cost of living of many classes of Government servants.

Thirdly, that it should not in any way affect pension or provident fund rights.”

Later on :

“For the general Government services we think that the limit of exemption should ordinarily be about Rs. 40—perhaps a bit higher, perhaps a bit lower. I ought, however, to mention that special considerations may have to be applied to a great commercial undertaking like the Railways, but the maximum will not be exceeded in any case.”

[Mr. S. G. Jog.]

I am in entire agreement with the theory that he has expounded, but I am surprised to find that, when applying these theories or when translating them into action, the Finance Member has bungled to a great extent. Let us see how far his proposals are fair, just and equitable. Whatever may be said on the other side, I find throughout the whole programme of taxation and the general proposals his solicitude for protecting the higher services. Whenever the question of the higher services comes in, I think he has found it very convenient to ignore and reject his fair mind and his fair principles. In the case of the higher services he says that there should be a 10 per cent. uniform cut. As regards the other services, it has been said in all their meetings and in all the associations that such a flat rate is no good in the interests of the subordinate staff, and a number of resolutions have been passed to that effect. I think the resolutions must have reached the Finance Member. I do not know whether he has cared to read them or whether he has thrown them into the waste-paper basket. In some of the meetings over which I had the fortune or the misfortune to preside, I told them that everything fair would be done in the interests of the subordinate staff. To my great surprise, the very next day I found a communiqué was issued that in the case of the Postal and other departments, even the minimum of exemption of Rs. 40 was not to be observed in those cases. I ask the Finance Member on what basis this can be said to be fair, on what basis it can be said to be just, and on what basis it can be said to be equitable. Is this the legacy which the head of the Postal Department, who is a member of this Assembly and who is on the verge of his retirement, is leaving to his subordinates? What action has he taken to support and protect the interests of his subordinate staff in his department, of which he has the honour to be the head. Did he plead the cause of this subordinate staff and say that the minimum exemption of Rs. 30 or Rs. 40 should be applied to these poor people? Is it the care which the Finance Member is showing for the poorer classes? Is he not partial in his attitude towards the higher services? Is the 10 per cent. paper arrangement which is shown there, working at 10 per cent.? Even that 10 per cent. he says should include income-tax, but must not include the Lee and other concessions. Excluding all these things, the 10 per cent. cut is to be applied to them. Does it stand to reason that a 10 per cent. cut is being applied to that along with others? Is it a uniform cut that is being applied to the higher services? Has not the whole of India been clamouring for a very long time that India cannot afford to bear the burden of these higher services? What has been done in his own country? Have they applied this sort of flat and uniform rate there? What is he doing here? Why should not the principles that are observed there and the principles that are put in practice there be applied here? I will read out to you the procedure followed there in the application of these cuts in salaries:

“Upon analysis it will be found that the effect of the cut is largely counteracted by this proposal. In other words, it means that in actual fact the real incidence is not a 10 per cent. for these grades, but something less in proportion to the salary. This may be graduation, but it is graduation the wrong way round, for the higher the salary, the greater the benefit. It is, thus, a direct violation of the principle of equality of sacrifice so strongly urged by the Finance Member. It is in marked contrast to the policy adopted in England where ministerial salaries below £2,000 per annum are to be reduced by 10 per cent. : from £2,000 to £5,000 per annum by 15 per cent. and those of £5,000 and over by 20 per cent.”

The Finance Member may say that we are not bound to follow the procedure followed in England, and that the circumstances out here are different from those obtaining in England. Let us see what is being done in other countries:

"In Australia the cuts range from 20 per cent. in respect of salaries of £1,000 and under, to 22½ per cent. on salaries between £1,000 and £2,000 and 25 per cent. on salaries over £2,000. Again, Italy is introducing cuts of 10 per cent. in the salaries of clerical and business staffs while managerial and directorial incomes are being subjected to a reduction of 25 per cent. Sir George Schuster is flying in the face of what is universally conceded as fair and just and of the joint recommendations of various Retrenchment Committees, who suggested a graduated cut ranging from 3½ per cent. to 20 per cent. In doing so he stands disclosed as an apologist for a body of pampered Government servants, to the neglect of the interest of those in lower grades."

In face of what is being done in all other countries, I do not see any reason why we should not follow their example. In spite of his solicitude for the poor people, which probably is only in words and not in action. I see no reason why we should not follow the example of other countries. Apart from this question of cuts in salaries, I had no association with these Retrenchment Committees, and many of the proposals which they have made are yet to be closely scrutinised and subjected to severe criticism, and it is only then that we shall be in a position to know how exactly we stand, how much gap we have to fill up and how much can be done by way of retrenchment and what will be necessary to fill up by taxation. We have not reached that stage as yet, and in the midst of all this, the Finance Member springs a surprise upon us by introducing a Finance Bill extending over a range of eighteen months, for which I do not think there is any parallel elsewhere. I have already said that it is not fair to this Legislature, and that the Finance Member is playing a sort of foul game for reasons which I have already submitted. I want to know the reason for this necessity of taking such long range action, when movements are so rapid in India and not only in India but throughout the world. There is a financial crisis. The currency question is not solved yet; the gold question is still in the melting pot; in fact in the whole world everything is unsettled; and under these circumstances there is no propriety in taking such long range action and forcing the hands of this House and of future people by springing upon this House this measure which we on our side are not prepared to support.

I am prepared to give the Finance Member credit for long range if he is quite accurate and correct in his calculations. It is very natural that during the last few weeks, probably on account of his fight with the Secretary of State, his mind is perturbed. But under the circumstances I see no reason why we should take the responsibility of taking up a Finance Bill ranging over a period of eighteen months. As regards his own calculations, let us see how the calculations of the Finance Member came out to be true or even made a near approach to accuracy. Of course I do not blame him for this; the world forces and the financial depression and crises are such that calculations are bound to fail. What we thought last week probably will have to be changed this week, and what we think now will probably have to be changed next week. Under these circumstances there, I see no reason why the Finance Member should stick to such a Bill, which ranges over a period of eighteen months.

[Mr. S. G. Jog.]

As regards his last year's calculations, according to his own statement, it is this:

"To sum up, the total deterioration in our income and expenditure is:—

- 11.33 crores in tax revenue,
- 5.48 crores on commercial departments,
- 2.29 crores on general Finance headings,
- 23 crore under extraordinary receipts,
- 23 crore under other heads including civil expenditure.

As the Budget provided for a small surplus of 1 lakh, on the basis of the present estimates, there will be a net deficit of 19.55 crores."

The Finance Member is fond of calling this a picture, and truly it is a horrible picture to present. What is the result of all his calculations? Where then is the propriety of making such calculations if it is such a hopeless failure—such a wide gap between the estimated income of a surplus of one lakh and an actual deficit of 19½ crores? If for no fault of his, the calculations have failed, why then commit this impropriety of springing upon this House a Bill which is of a most extraordinary and unprecedented character for no rhyme or reason?

There is one more point I would like to make and it is this: as regards the retrenchment proposals, some Members of the Standing Finance Committee made a proposal that the recommendations of the Retrenchment Committees required the close scrutiny of this House, and we were entitled to an opportunity of discussing them before we came to any final decision. There are many things probably which will require very close scrutiny and examination; we will have to see how far they meet the requirements of the case and we have also to see whether there is any hardship involved in those recommendations. Those recommendations may be faulty in some respects, and to that extent I think the House is entitled to have a close scrutiny or at least some discussion of them. This suggestion has been made by my Honourable friend, Mr. Gaya Prasad Singh, and I feel bound to support it.

Another tactical suggestion which I would like to make to the Finance Member, if he is prepared to accept it—I do not of course commit myself or the Members on this side of the House—which would make the opposition milder, if he agrees, is that he should introduce the Bill only for the period of three or four months left in this year and leave the twelve months of the next year untouched. We will be meeting again in two months, and we will then be able to see what the world situation is, what the financial proposals should be then, what will be the sort of returns we are getting from the several taxes, and we will be able to closely examine all these things, and then judge carefully what taxation is essential to meet the needs and to maintain the equilibrium of the Budget. We will be meeting in two months again, and I say there is no particular hurry. If the Government accept this proposal, I think the Opposition on this side will be prepared to consider their other proposals on their merits.

For the various reasons which I have given, I am bound to support the amendment that this Bill should be given effect to only till the 31st day of March, 1932, and therefore I support the amendment.



**Sirdar Harbans Singh Brar** (East Punjab: Sikh): Sir, I rise to support the amendment so ably moved by my Honourable friend **Mr. S. C. Mitra**. This clause is a very important clause in the Bill, because it takes away the right of the Legislature to discuss proposals for every year, and because it adds an additional burden of about 39 crores during the period of 18 months when we do not know exactly what will be the results if the recommendations of the various Retrenchment Committees are carried out to the farthest limits, and I believe many Honourable Members would agree with me when I say that we are not on this side of the House prepared to put such a huge additional burden on the poor taxpayers who are half clad and half fed, and also on the teeming millions who live in the villages, without first exploring all the avenues and effecting all possible retrenchments. So far as I have been able to go through the memoranda supplied by the Honourable the Finance Member on the position of the Government as regards the acceptance of the proposals of the Retrenchment Committee, I find that all high salaried officials have been retained; I mean such proposals have either not been accepted or have been put in the category of that well known phrase "under consideration", and these considerations as those of the capitation charges may remain "under consideration" for years sometimes or for decades. Wherever it has been a question of cutting down a clerk, a babu, a mali or a chaprassi, the proposals have been promptly accepted and given effect to, with the result that thousands of poor, ill-paid people have been thrown out of employment, while recommendations which would have brought about real economy, by abolishing certain posts have been kept untouched. For instance, I see that the Retrenchment Committee was unanimous about the abolition of the posts of the Director General of the Indian Medical Service and of the Public Health Commissioner, but no action has been taken by Government in regard to this recommendation. The Public Works Department Committee recommended the abolition of the Superintending Engineer in Baluchistan and suggested the appointment of only one Executive Engineer in the whole province, and no action has been taken on this, while three Deputy Collectors getting about Rs. 200 each have been sent away because they happened to be Indians. Many other proposals of that nature, involving very minor economies but very distressing effects on the employees, have been carried out, while proposals which would have resulted in real economy with very little distress have all been put into the waste-paper basket or in the category of "under consideration", which may remain for another decade.

Sir, the Government would not agree with us as regards the extravagance of the system, but I should expect them at least to recognise the authority of His Majesty's Prime Minister in England as regards the extravagance of Government. That gentleman is the Prime Minister for the third time, and now as the head of the National Government, representing the whole of the British nation, has put in black and white the following as regards the extravagance of the Government of India:

"Nobody who has seen India and the conditions of Indian Government will deny that there is a great extravagance. The European service is extravagant, the conditions under which it rules are extravagant, the cost of Simla, Ootacamund and other hill stations the expenditure on official residences and other paraphernalia is extravagant."

Now, Sir, about the charge of the Army in India, the representatives of the people in the Assembly for the last ten years and more have been

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crying themselves hoarse to the effect that it is too high a burden to be borne; that it is more an Imperial charge rather than a charge on the Indian nation, but the Government have not agreed with us. Here is the Prime Minister of England who admits the correctness of our assertion. This is what he says:

"Nine-tenths of the charge of the Army in India is an Imperial charge. Canada, South Africa and Australia should bear it as much as India. It is a piece of most bitter cynicism to find the Imperial doors of our colonies shut in the faces of these poor people who bear such an inordinate share of the cost of Imperial maintenance and at whose expense these Dominions are protected from the fear of war.

The personal extravagance of our rulers and officials can be seen by the eye".

We know that it was the Indian troops who were taken to South Africa, it was the Indian troops who fought the Imperial battles in China, and it was they who fought so gallantly in France and Gallipoli; and the assertions of His Majesty's Prime Minister clearly uphold the point of view of the elected representatives of starving millions of India; and it is time, if the Government are honest, that they paid due heed to this matter and reduced the expenditure of the Army to those limits to which the taxpayer wants it to be reduced. I do not deny that a soldier may be justified in demanding a pay slightly more than, or say even five times more than that of an ordinary man, but what we have to bear in mind as the representatives of the people who have to pay them, is to consider not what he is justified in demanding but what we can pay or what we could afford to pay. With that end in view, I suggested on a former occasion, and here again the suggestion has been repeated by the Deputy President, I believe, that as long as we are not able to officer the Army and at least we are able to be soldiers in the Army,—and our record in this matter is certainly very creditable compared to the armies in the whole world,—and the whole of the British troops should be sent back and the country should be relieved of at least some crores on that account, and if this is done, a large portion of new taxes will not be necessary at all. The Simla move, as even the Prime Minister has admitted, should be dispensed with as far as the Secretariat is concerned. Of course, we do not grudge the Viceroy and the Executive Councillors their annual move to the hills, but why should they go bag and baggage with all their paraphernalia, especially when there is a Secretariat here built at such a huge cost? Why should not a large portion of the Secretariat be kept down in Delhi, who would be able to occupy the residences built by Government for them, and the cost of going up and coming down can be saved, and that comes to about  $\frac{1}{4}$ ths of a crore.

As regards Indianisation, I may again quote a sentence from His Majesty's Prime Minister. This is what he says:

"The personal extravagance of our rulers and officials can be seen by the eye. When there is no personal extravagance, every Englishman employed to do work for which an Indian is fitted is a burden upon the Indian taxpayer".

I think, Sir, when the whole country is suffering on account of depression in trade and industry and when there is trouble on account of financial stringency, the truth of the statement of such an experienced and authoritative statesman like the Prime Minister of England should be taken note of and the process of Indianisation must be expedited as speedily as possible as suggested by the various Retrenchment Committees.

Sir, I personally believe that this clause extending the operation of the Finance Bill for a period of 18 months is not based on purely financial grounds. My view has always been that almost 99.9 per cent. of Governmental activities, financial or otherwise, are always guided by political considerations. I said on the 30th September last in Simla that the Press Bill was also designed for that purpose, not to meet an immediate need but to meet a danger ahead. The Government can foresee, as every statesman on these Benches can foresee, the failure of the Round Table Conference. Sir, that Press Act has been placed on the Statute-book, but so far it has not been utilised. Similarly, Government are thinking that a great national struggle is ahead as soon as Mahatma Gandhi returns after a failure of the Round Table Conference. The Government know that the Congress will start again a mass civil disobedience movement, and they are arming themselves with all power and authority to combat and suppress that movement. The Press Act is kept for that purpose, and they want supplies ahead from us, because when Mahatma Gandhi returns in a month or two and the Congress launches upon civil disobedience, we may not be in a mood to provide the Government in March with this huge sum of Rs. 39 crores to fight that movement. They are not now accepting all the retrenchment proposals of the different Sub-Committees because they want to keep a margin for additional police and magistracy and for additional measures to fight that battle to a finish. It is at that time that they will carry out the majority of these proposals to save more money for those particular purposes, and I think that the representatives of the people, the representatives of an already overburdened country, the representatives of the half-naked and half-fed Indian millions outside this Chamber will not be justified in agreeing to an extension of the period to 18 months. If there is an emergency, all right. Carry out the maximum of retrenchment beforehand, then whatever minimum remains, we will grant you for these four months. By that time we will know the conditions more clearly whether these additional taxes give you all the revenue required, and if it need be, you can again bring up proposals to meet the situation. By keeping the Army expenditure at that inordinate figure of Rs. 46 crores for next year,—at present it is Rs. 51 crores, because this year there is going to be no retrenchment,—and maintaining all this Lee loot money has been wasted on this huge capital. If you look at the Central vista, any person, even the Monarch of an European kingdom will envy it, and this city is only used five months in the year built at an expense of Rs. 15 crores just for the pleasure of having a delightful city. I have seen the French Government, they do not go to Nice and have fine buildings for summer just as you have got in Simla. Nor even do His Majesty's Government go to Bournemouth in the severe winter. Here you have power in the shape of ordinances, and extra legislation and certification, and you can bleed us white. That should not be your attitude. Now that you say you are sincere to give us self-government and Dominion Status in a short time to come, you should be more honest and you should carry out the wishes of the people in as great a measure as you possibly can, and not merely whitewash the thing by saying, "We have seen all these things. Unless we touch men under Rs. 40 a month in the Posts and Telegraphs Department and the Railways, our figures will not give a large yield. If we adopt a graduated cut, we do not get enough money". All that is humbug. Australia is in a much better position than ourselves in this country, and the average income per

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man there is much higher than here, and yet they have carried out a cut of 25 per cent. on incomes over £1,500 a year. Why should not that apply to India? No, because the people have no voice, they have no authority. They can talk a lot in the Assembly. But there is certification if you refuse supplies and they can collect the money from the people. Sir, even the *Statesman*, more pompously known as the "Friend of India", after a period of acting editorship when it supported Sir George Schuster, has, since Mr. Watson came back from England and took charge of it, condemned the Bill in most emphatic terms.

"The debates on the Emergency Budget in Delhi have concentrated on two points: (1) the failure according to the critics, to economise sufficiently and so reduce the necessity of heavier taxation, and (2) the lack of imagination shown in merely making a percentage addition to existing taxes without discovering new sources of taxation. The Budget, in our view, is open to both criticisms".

Again:

"Nor does the process of slow strangulation end there. The trader who is losing his business pays income-tax on diminishing returns every year and new circles of poorer wretches have to be dragged into the income-tax Act to cover the deficit. The drying orange is squeezed till the very pips squeak".

That is the description of the Budget by Mr. Watson, the Editor of the *Statesman*.

This Finance Bill is condemned on all sides, and as I have pointed out, until we know the exact figures to the very £ s. d. accepted by the Government of the retrenchment proposals of the different Sub-Committees, unless we are satisfied that retrenchment has been carried out to the fullest possible extent, unless we feel that no person is paid from the Indian ex-chequer more than we can afford to pay him, and unless we feel that what was done by the Inchcape Committee and was undone by the Lee Commission is again restored to the Inchcape standards, we do not feel justified in voting any additional taxation, and much less for a period of 18 months. With these few words I support the amendment moved by Mr. Mitra. When the Government came to us last year and asked us to join with them in carrying out retrenchments, when they wanted to associate us with them in order to take us into their fullest confidence, it is only just and fair on their part that they should now accept the unanimous recommendations of all the Sub-Committees in their entirety and so meet us openly with both hands of co-operation. It is no good asking us alone, "Please be kind, please be just and consider our proposals on their merits alone". Well, during my short experience of only one year, I have never seen those 26 gentlemen on the Benches opposite ever considering any proposal on its merits. With what fairness and with what justification can they expect that from us, and does it lie in the mouth of the Leader of the House to demand it from us, when those 26 Members at least, if not the 14 additional to them, always go to the lobby following the Leader, irrespective of whether a proposal on merits is good or bad. It is their duty to support the Government, to fill the pockets of Government with additional sources of revenue, and it is our duty, as the representatives of the people who have to pay the taxes, to refuse to agree to a single pie of additional taxation which will bring a burden on the poor tax-payers, and it is our duty as the official Opposition to oppose it. With this end in view, I support the amendment.

**Mr. C. Brooke Elliott** (Madras European): A clergyman friend of mine told me recently that often when he had not chosen a text when he went on the pulpit he spoke on any theological subject that came into his head. Sometimes at the end of his sermon, he invited the congregation to wonder what his text would have been, if he had one. That is rather like the situation today. The real feeling about the "cuts" in official salaries in some gentlemen's minds is, "Off with their heads". They are not satisfied with mere cuts. Now, do let us come back to reality in the short time for debate that probably remains. The text on which we have all got to preach is clause 2 and the Mover of the amendment says, "Wipe it out". Make the period only six months. The position is a very familiar one. I feel that my Honourable and learned friend must have often argued like this in a criminal appeal. He has had a client who has been sentenced to say 18 months' hard labour and he has tried in appeal to reduce it to 6. That in effect is the nature of the appeal he has made; but on the other hand there are times when, as we all know, the interests of the prisoner require that the sentence should not be shortened but should be a reasonably long one. I am a child in these matters and my friends may probably be able to bring forward better arguments, but that is the best argument that I can think of. The point is this. Supposing the prisoner said, "Well, if you cannot reduce it to 6, then make it 9 or 12 and so on to 18 by gradual steps", that would be a most unsatisfactory thing to do. We really come back here to two bedrock points. First—are we all agreed that there must be a balanced Budget? There was no division on the Bill and we all accepted last week that this Budget must be a balanced Budget, however much we may detest it in detail. I detest additional taxation as cordially as anybody can. You may, however, detest certain measures that the doctor prescribes for you; but if you want to get back to health, you have got to face up to taking his treatment. Suppose you carry this amendment. You come back to next April (and the 1st of April is a peculiarly appropriate date) and you will find yourselves with a deficit of 19½ crores. What will have happened? You will at once find you have upset the balanced Budget. I do not think my Honourable friends have really seen the dilemma in which we are placed. When the House passed the motion last week, they accepted the position of a balanced Budget and they have now got to face up to it. Does anybody suggest that in the next five or six months we should increase taxation to such a point that next April we should arrive without a deficit? Certainly not. (*An Honourable Member*: "Follow your Madras Resolution.") I am following the Madras Resolution, which is that you must have a balanced Budget. (Interruptions.) I really cannot answer more than one questioner at a time. I am standing by the Madras Resolution. If you come to the 1st of April next or the 31st of March, which is a happier day, you find yourself with a deficit of about 10 crores. What is going to happen to business in the meantime? Trade will be in a state of turmoil. Everything will be upset. There will be no certainty. Yet business people need stability, first. If you accept the principle of the balanced Budget—and it is too late now not to accept it—you must necessarily accept the position that you have got to make reasonable provision according to the Budget plan. That is the only difficulty. It seems to me that it is better to have the evil that you do know, than evils which you don't. I am simply speaking in the interests of the country itself, and

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particularly in the interests of trade; and the best way of all of balancing your Budget is to increase your export and consequently later on your import trade. There is no question about that at all. (*An Honourable Member*: "How is it possible to increase the exports?") That is for the business men to consider, but it has already started. I simply take my stand on this proposition—that you must have a balanced Budget.

Now the next point is this. A great deal of valuable time and money have been spent already in this special session. The whole object, as I understand it, of calling a special session is in order that the public may know the best or the worst, and endeavour if possible to find a better solution: Yet Honourable Members would again impose upon themselves a great deal more of hard labour next March discussing these matters all over again. I shall not be here, but there will be a re-discussion here, after three or four months, of all the points that have been so fully and earnestly debated upon in this session. It seems to me that that action will upset matters greatly. It is true that people in Madras hope that it might be possible to have more retrenchment and less taxation. But so far, with great respect, I have not listened to any speaker who has produced a better plan than that proposed by the Finance Minister. There are points here and there with which we may disagree. If you have a bit of cheese, it does not matter very much if one political mouse slightly nibbles at it; but if you have a whole army of mice nibbling at the cheese, you will soon find that the Finance Ministry is left without any Budgetary nourishment at all. That is the real difficulty. Once you start nibbling at it in this way, where is the end going to be? We are agreed that there must be a balanced Budget. That is the common basis of agreement which was accepted by the House last week without a division. Therefore it is necessary to accept this section two, as part of the medicine which Dr. Schuster is prescribing for us. I only hope, and I honestly think that his diagnosis has been on the whole pretty sound. We are now well towards financial convalescence and I certainly hope that, now that we have started convalescing, we shall not have to call in the doctor again next February or March. With these words, I submit that the amendment should not be carried.

**Maulvi Sayyid Murtuza Saheb Bahadur** (South Madras: Muhammadan): Sir, in supporting the amendment so ably moved by my Honourable friend, Mr. Mitra, I have to meet certain arguments put forward by the European representative of Madras, the province from which I come. (Hear, hear.) Sir, he laid stress on one point, that is, balancing the Budget. Well, the whole House is agreed on this point, that unless we are in a position to balance the Budget, the stability of our country and of the Government cannot be kept up. So we should necessarily balance the Budget. But the method resorted to by the Honourable the Finance Member does not find favour with us. (Hear, hear.) Our friend, the European representative from the Madras Presidency, said that the European Association of Madras was very keen on balancing the Budget, but he has not studied the latter portion of the resolution in which they said that the balancing of the Budget should be effected by retrenchment and retrenchment alone. (Hear, hear.) Mark the words, "retrenchment and retrenchment alone".

**Mr. O. Brooke Elliott:** I think we said "retrenchment mainly".

**Maulvi Sayyid Murtuza Sahab Bahadur:** Look to the actual wording of the resolution. Any way, they certainly meant by retrenchment especially, or mainly by retrenchment at any rate. Sir, it has been pointed out by the previous speakers that the country has already been bled white and so is not in a position to put up with any additional taxation. (Hear, hear.)

Sir, there is one important point which many of us have dwelt upon. If the Finance Member and other Members of the Government could make up their minds to put up a strong case in favour of the curtailment of military expenditure and military expenditure alone by conducting correspondence with the Secretary of State, this difficulty could be tided over very easily. I would invite the attention of my Honourable friend, Sir George Schuster—about whose sympathy for Indians there cannot be any question (Hear, hear.)—and also of the Assembly to the opinion expressed by one of my Honourable friend's predecessors, Sir William Meyer, who was the Finance Member of the Government of India during the war time. He opined, Sir, that the military expenditure should, after the war, be not more than Rs. 25 crores. (Hear, hear.) And what do we see now? Instead of reducing it to 25 crores, we have an additional expenditure of 20 crores in that direction. (Hear, hear.) Now there is an increase, instead of a decrease, of 87 per cent. in military expenditure alone! Now, Sir, as regards civil expenditure also, there is a great margin for retrenchment, as has already been pointed out by so many of the previous speakers. Sir, from the speech of the Prime Minister, the House was informed that the legitimate charge for military expenditure to the extent of 9/10ths will be the home charges; only 1/10th, i.e., 1/10th of 46½ crores which means 9 crores and odd, would be the legitimate charge on the exchequer of India. Even granting it is 50 crores, it cannot exceed Rs. 10 crores. The Government pride themselves on having brought it down to 46½ crores. Then as regards the non-acceptance of the Retrenchment Committee's recommendations regarding particularly a graduated system of cuts, I have to observe that the Finance Member said that by adopting their recommendation, they would incur a loss of Rs. 25 or 26 lakhs. But Government are not prepared to do away with the Lee concessions, which amount to six times as much as that!—a crore and a half! (Hear, hear.) So, Sir, we are strong on this point that, unless we are satisfied that retrenchments will be effected as recommended by the various Sub-Committees, we will not be in a position to know what the real amount comes to. So there is no justification for having a Budget covering a period of a year and a half. That is why we make this modest request, that it should cover a period of only six months and not 18 months. With these few remarks, I resume my seat.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Sir, I rise to support this amendment. Clause 2 requires that this Finance Bill should be extended to the 31st March, 1933. Sir, the amendment aimed at is that this clause be omitted. I give my whole-hearted support to this amendment. Sir, when the general discussion on this Bill was going on, I raised first the constitutional point with regard to the legality of the Bill covering a period of 18 months. Sir, I challenged anyone to vindicate the legality of that, and to throw more light on the point. I find since then that the Leader of the Treasury Benches and the Finance

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Member made an attempt, but I think a lame attempt, to prop up their defenceless case on this point, and I expected that at any rate the Law Member would throw some light on this question, which is certainly a question of great constitutional importance. If it is constitutionally illegal to bring in a Bill for a longer time than the currency of the Budget, a longer time than the period for which the Budget is prepared, then I submit that that objection alone would decide this amendment too. But I find that shelter is being taken by the Treasury Benches on this point under one plea only, and that is that it is an emergency proposal and must be accepted. In other words, I would put it to the Treasury Benches thus. They say that the Bill is an emergent Bill; law or no law, pass it. I submit that that would be an extremely unreasonable attitude to take up. While we hold on our side that the Bill is not legally before the House, they on the opposite Benches only console themselves that on account of an emergency it is correct to bring this Bill before the House. Sir, while that is the position, I expect that the Law Member will at some time during the course of the debate give us his own view on this point. Then the second question is whether this Bill, which is now asked to be extended to the 31st March, is reasonable or not. Sir, besides the question of constitution, I say it is absolutely premature to pass this Bill at this time up to 1933. I will explain clearly what I mean by the word "premature". Sir, what is the position now? The Government say that there is a deficit. We on our side say that we are not convinced of it. Then the Government ask us to accept their version that there is a deficit, even though no facts and figures have been placed before us to show that it is really about 19 crores of rupees of deficit in this year and there will be another 19 crores deficit next year. So, then, to start with, we have got no basis for finding out the deficit. Therefore I say this Bill is premature and should not be passed until full facts are laid before us.

Take the second point. The fundamental principle is being accepted that before taxation is levied, other sources of revenue should be exhausted for meeting the deficit if there is any. On that point, there is one constructive or practical proposal which ought to be definitely considered by the Treasury Benches. They have themselves now placed it before us and that is the proposal for retrenchment. May I ask if they are in a position now, at this moment, to say definitely, not merely by guess or forecast but definitely, what they will get from retrenchment to meet this deficit? They are not in a position. The Retrenchment Committees that were appointed were appointed not with a view to tax us but to find out sources of retrenchment by which Government could meet the deficit. It may be that on account of depression there may have been some deficit. But the deficit is not so much that retrenchment alone cannot meet it. Therefore, I ask, "Is the Honourable the Finance Member ready with facts and figures to place before us?" At least up to now he has not been. He has only made a guess and said that Rs. 890 lakhs would be what he would get from retrenchment. I say it will be much more. He should only wait to see what it comes to. Has he waited for the retrenchment reports? Has he allowed the Retrenchment Committees to finish their reports? No, Sir. The reports that we have got are what they call interim reports. Part I we have got. I do not know how many more parts there will be—may be two, may be more. There



are no materials in the possession of the Finance Member and he is asking us to bind ourselves up to March, 1933. That is wholly unreasonable. The reports not being before us, we are not in a position to say how much we may have to make up by taxation. I was not present in the House during the last Budget time when these Retrenchment Committees were appointed. But I have come to know that they were formally appointed through the House. There was a Retrenchment Committee to sit and decide everything. It has not even had reports prepared. The Sub-Committees were appointed through that Committee and these Sub-Committee reports have not yet been considered by the Retrenchment Committee. The Sub-Committees were not appointed with the object of sending their reports direct to Government. The reports have to be considered by the whole Committee. That is why I say it is premature. The reports of the Sub-Committees have not yet been considered by the Retrenchment Committee. Not only that. I claim that the reports must come before this House, and this House must be satisfied that the retrenchments proposed are correct; if not this House should be free to suggest more retrenchment. I expected that, before the Finance Bill was taken up for consideration, two or three days would have been given to the House to consider these interim reports. It has been the practice too that whenever committees are appointed through the House, their reports come before the House for consideration, and until these reports are considered by this House, how are you in a position to say that people should be necessarily taxed? (*An Honourable Member*: "Were these Committees elected by the Members of this House?") On that point I was very cautious to say that they were formally elected or rather selected from the House. I am told that the Honourable the Finance Member, having consulted Leaders of Parties and got certain names, put them to the House formally and the Members were so appointed. But my point is, even these Members have done work, they are doing work, and allow them to do work and then consider their work and say whether retrenchment is sufficient or whether you want new taxation.

The next question is this. The Finance Member has given us a figure of his estimate of retrenchment. May I put to him a direct question? Has he considered the retrenchment that has yet to be made in the security services, in the services of those public servants who are appointed and are under the protection of the Secretary of State and Parliament? Will not that give us a large amount to be added to this retrenchment figure? I submit that to hold on the interim reports what the retrenched revenue would be and then pass taxation of this nature is entirely unreasonable and uncalled for.

I would ask the Honourable the Finance Member to consider again whether he is right in saying that the cut should be uniform and not graduated. It is a great mistake to do this. The fundamental principle is—it is recognised everywhere—that a wage earner should have a living wage. You have to consider the wage of every public servant whose pay is being cut. In doing so, you have not taken that fundamental principle into consideration. Taking into account this fundamental principle, I would submit that the uniform cut that has been proposed is absolutely wrong. Let us see the conditions elsewhere, even in England. Is the cut there graduated or uniform? I submit that in England the cut is graduated from 5 per cent. to 20 per cent. This is the information that I have

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got, but I am open to correction on this point from the Treasury Bench. The cut there ranges from 5 per cent. to 20 per cent., and they have refrained from making any cut from a man drawing £200 a year, that is to say, Rs. 200 a month. Has that been done here? Here the great mercy that the Honourable the Finance Member has proposed is that there should be no cut from the pay of a man drawing Rs. 40. Again I do not forget that even this policy is not uniformly pursued, and that the principle is not extended to the Railways and the Post Offices. I cannot understand why. Those men are drawing just as much as the others. Their living wage is on the same scale and yet the Finance Member accepts that retrenchment done in that manner. The Police and their favourites, the C. I. D., have not been touched as has been referred to by other Members, and I think sufficient for the day has been said of them. The Honourable the Finance Member says that the cut should be uniform; it should be 10 per cent., uniform. On the other hand, it is quite plain that even the Government of India have accepted graduated retrenchment. His Excellency the Viceroy has allowed himself to be retrenched to the extent of 20 per cent., Honourable Members of the Government to the extent of 15 per cent. and coming down there is a promise, or at any rate an assurance, or may I say at least a hope, that the security services will also have to be retrenched by 10 per cent. Is not all this a graded retrenchment? On that question of whether it should be graded or uniform, we are not yet uniform and such are the questions which ought to be considered first and then if a case is made out that money is still required and it could not come by means other than taxation, I do not think the Members on this side of the House will be unreasonable not to accede to that request. The Treasury Bench are not even accepting the report of the General Purposes Sub-Committee. That Sub-Committee has recommended that the cut should be graded, and then what is the argument of the Finance Member? The argument is, "I will get less by it". Is that an answer? Why was the Committee appointed? The Committee have proposed a cut in a particular manner which does not affect the poor man. It is rather affecting all equally. A 10 per cent. uniform cut is not equal at all. The Finance Member says by following the report of the General Purposes Sub-Committee he would get only Rs. 102 lakhs by graduation, whereas by the so-called uniform cut he would get Rs. 128 lakhs, a difference of only Rs. 26 lakhs. He is not accepting the report on this account as perhaps he cannot find these Rs. 26 lakhs from elsewhere. I suggest to him to make a larger cut in the higher officers' salaries and he will get Rs. 26 lakhs and more, or wait till the Secretary of State sanctions the cut in those security services, the heaven, born services as they are called. The Honourable the Finance Member, for whom I have got much regard, has been acting in a gentlemanly way (Laughter), but he should show more gentlemanly nature and feel for the people who are being over-taxed, because it is the taxes which will decide the work and worth of the Honourable the Finance Member. Sir, he has put in an assertion and I must say in that assertion he is incorrect. He says he is making a uniform cut. I say that it is not a uniform cut at all. On the contrary it is the reverse. The higher officers will have a lesser cut than the lower officers. I think it has been said several times in this House that that is going to happen and let me now prove it concretely. Take for example, a man drawing a salary of Rs. 5,000 a month. The cut that is going to be

made will be inclusive of income-tax. We must therefore first find out what is the income-tax that officer will have to pay. It will come to 9½ pies per rupee, i.e., 5 per cent. income-tax. Deducting therefore the income-tax the cut comes to only 5 per cent. Then take the case of a man drawing only Rs. 168-10-8, per month that is to say, an income of Rs. 2,000 a year. Let us see what this percentage comes to. The income-tax that will be deducted will be 1½ pies per rupee or ¾ per cent. Therefore the cut comes to about 9 or 9½ per cent. A man who draws Rs. 168-10-8 will have a cut of 9½ per cent., whereas one who draws Rs. 5,000 has only a cut of 5 per cent. Is this fair? Consider it from any point of view. Then, Sir, one more matter has yet to be considered. The Government should not assume that the curtailment that has to be made or should be made is only by the cut in salaries. What the Members on this side of the House and the public say is that your Government have been for years past proverbially top-heavy. In spite of the protestations from this side of the House, and by the public, the Government have maintained over-growth in administration and excessive strength of officers. You have therefore to make a retrenchment by curtailing the top officers and also the over-growth. If there are superfluous servants, whenever they may be, in any department, do away with them, but do not cut in the way in which Government are now doing. Smaller officers are being sent away and big officers are kept just happy in their places. That should not be. Now take for instance the Railways. I am talking now of the over-growth of officers and the overcrowding of the administrative heads.

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

That staff is unwieldy, that staff is superfluous, and I say that staff is unnecessary at several places. I know there were times when in a Railway Division, there was only one D. T. S., i.e., the District Traffic Superintendent and one District Loco. Officer. These were the two officers in the Division carrying on the whole administration, and one T. S., i.e., Traffic Superintendent, sitting, for the North Western Railway, at Lahore.

**The Honourable Sir George Rainy:** On a point of order, Sir. We are discussing the period during which the taxation is to remain in force. I would ask whether it is relevant to raise the question as to whether the staff on the Railways, funds for which are not provided by these taxes is or is not superfluous?

**Dr. Ziauddin Ahmad:** Since the Finance Member has definitely said that Railways are not going to give Rs. 7 crores to the central revenue it is quite reasonable that railway expenditure ought to be diminished in order that the Railways may fulfil this obligation.

**Mr. Deputy President:** While it will be in order for Honourable Members during the discussion on this clause to indicate in broad outlines that more retrenchment could be affected, I think it will not be in order for Honourable Members to go into the details of retrenchment.

**Mr. Lalchand Navalrai:** Sir, these are not details: if I were to go into details, I would have to be on my feet at least for three  
4 P.M. days. (Laughter.) I am only giving one or two instances to illustrate my point. I have already put in my main points: the first is that this is constitutionally wrong: the second is that it is premature and unreasonable; and how am I going to support my points of view if we do not give any concrete instances? The Honourable the Finance

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Member gets up and says that no constructive proposals have been made by the non-official Members but here the Honourable the Leader of the House gets up and objects to concrete instances. I will certainly not go into details, but I will touch one or two points to bring home in a positive manner the fact that there has been over-growth and that they have even been appointing officers only to favour them and even getting appointments created for their favourites. To resume the thread of my argument, I ask, how many officers now do we find in a Railway Division? A Divisional Superintendent; under him a D. T. O., a D. C. O., a D. R. O., a D. P. O., and more . . . .

**Mr. Deputy President:** The Honourable Member has given a sample of his constructive proposal and he can go on with his general argument. I do not think the Honourable Member will be in order in developing points of detail.

**Mr. Lalchand Navalrai:** This is only evidence of the constructive proposal that I am adducing. I was only finishing off: if I had stopped short at this point, it might have been assumed that my argument was wrong. I must therefore say that at present there are so many officers doing the same work which was done by one or two. (Opposition cheers.)

Coming now to the Army, a few words will be enough because all the Members have condemned the cut that the Government propose to make in the Army expenditure—the cut of about Rs. 4 crores only. That is absolutely nothing; and on that point I may say that we are not in a position to know at present how much is going to be retrenched from the Army finally. I think the Army can be curtailed to a great extent—I need not state the number of the Army officers to be curtailed. As regards the pay, so far as I was able to follow, it was said that there would be no cut in the pay of an Army officer who draws Rs. 200. Compare it with what is proposed to be done in the civil departments. I see no reason for the difference. I read the other day—I do not know if it was a correct report—that while the Round Table Conference members were discussing the Army question, it was said by a responsible officer that the Army lives in India for occupation. I cannot understand why if they live in India for that purpose their pay and expenditure should be paid from the Indian Exchequer.

As regards the civil side retrenchment, I would suggest that one of the Members of the Viceroy's Executive Council can be safely spared and I do not think the Government will come to a standstill if one Member goes away. We shall save Rs. 80,000 a year by that.

**An Honourable Member:** Who should go away?

**Mr. Lalchand Navalrai:** I think it is for the Government to decide as to who should go: any distinction I make will be invidious.

Then, so far as the Secretaries to the Government of India are concerned, see how their number has gone up. Formerly there used to be in the departments, a Secretary, and an Under-Secretary. Now, you have Additional Secretaries, Additional Deputy-Secretaries and Assistant Secretaries and so on and so forth.

Coming now to the Public Service Commission, I think there is room for curtailment in their number. At present there are five Members, and I think two or three will be quite sufficient to carry on the business of the Commission. Our friend, Sir Abdur Rahim, said that in other parts of the country there is only one man doing the work. It can be so done here also.

Then there are so many other departments. I do not know what they are doing really and why they are being paid so much. Take for instance the Imperial Council of Agricultural Research. I think I will leave it to the Finance Member and the other Members of the Government to go into the propriety of that question or let them appoint a committee from the Members on this side of the House and see what decision they come to.

Coming to the Indian Stores Department you find that there is an over-growth there too.

The Central Board of Revenue has two Members and one Secretary. Formerly the work was carried on in the Finance Department, with perhaps one more Under-Secretary; and now if they revert back to that old system I believe the Government can get on very well with that work.

As regards the Railway Board, I read the report and found that the appointments of two of the Members will be kept in abeyance. I could not understand that: I thought two Members had been curtailed and their salary saved: but subsequently when I pondered over the word "abeyance" I found that two Members were not reduced but they were on leave in England and they perhaps were asked to remain there for some time until they were called. This is the way retrenchment is carried out in the case of officers.

As regards the Income-tax Department, there are five Assistant Commissioners in Bengal. I am not in a position to say anything about Bengal—whether five officers are necessary: but I know about Bombay. In Bombay there are 6 or 7 such officers. Is it really necessary that six or seven Assistant Commissioners should remain in that Department? How many were there before, I ask? I think a reply to that should come from the Treasury Benches, but I do not think there were six or seven before.

Then, Sir, take the case of the Income-tax Officers. I am told there is an Income-tax Officer who draws Rs. 1,500 to Rs. 2,000 by an increment of Rs. 100. These are some of the ways of extravagance of Government. So far as the Income-tax Department is concerned, I reliably understand that there is not much work for them in Bihar and Orissa. Central Provinces and Assam, but perhaps the Government Benches will enlighten us on this point also. At any rate, when we sit together we can certainly examine all these points carefully. What I am at present asking is, give us time and opportunity to go into these questions and to make out a case for you that there is abundant room for further retrenchment to meet your demands; give us an opportunity to discuss the whole thing on the floor of the House, and then if necessary bring forward your Bill.

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

In supporting this amendment, therefore, I commend it by saying that Government have not made out a case for this Finance Bill even

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for six months, and to extend it beyond or to get our sanction for it for 12 months more is to say the least heinous. With these words, I support the amendment.

**Mr. O. S. Ranga Iyer:** Sir, now that my friend, Mr. Brooke Elliott, has returned, I am grateful to you for having called upon me to speak in his presence, because the only provocation for me to rise to-day was his speech in which he was too modest to represent his own constituency. I see my friend, Mr. Brooke Elliott, violently shaking his head, and after shaking his head he has resumed taking notes. Sir, it is always very interesting to hear the Honourable the European Member from Madras. He speaks with great eloquence, he also speaks with a great deal of humour, and even when he enters into a controversy with the Opposition Benches, I can say that he does not leave any sting behind; I can say that he leaves a very good impression even though his arguments are sometimes unconvincing. On this particular occasion, Sir, when he said that the Budget had to be balanced and the only way to balance it was in the manner in which the Finance Member had decided to balance it by extending the scope of the operation of this Bill till the 31st day of March, 1933, I thought my friend was perhaps not wholly representing the viewpoint of the Europeans of Madras. At any rate, Sir, the method of the Honourable the Finance Member to balance the Budget was taken exception to by him in a previous speech, and we would rather be guided in this matter by the observations of Mr. Brooke Elliott the other day in regard to the balancing of the Budget than his observations to-day . . . . .

**Mr. O. Brooke Elliott:** No division was challenged on the previous motion and the principle was therefore accepted.

**Mr. O. S. Ranga Iyer:** My friend says that no division was challenged and the previous motion on the consideration of this Bill was carried and therefore the principle was accepted. What, may I ask, is the principle of this Bill?

**Mr. O. Brooke Elliott:** An 18 months' Budget.

**Mr. O. S. Ranga Iyer:** My friend says 18 months' Budget. That is not the principle of the Bill at all; that is only the programme of this Bill.

**Mr. O. Brooke Elliott:** There is a difference between programme and principle and I was thinking that programme should be based on principle.

**Mr. O. S. Ranga Iyer:** I perfectly agree with my friend when he says that the programme must be based on a particular principle and that principle, Sir, was enunciated in the following resolution which was adopted by the Madras European Association:

"That this meeting is of opinion that the proposals for increased taxation in the Bill to supplement the Indian Finance Act of 1931 and a surcharge of customs duties will be disastrous to the trade and commerce of the country at the present time, and so far from providing the increased revenues anticipated are calculated effectively to decrease them by diminishing the sources of taxation".

This resolution must be read along with another resolution which was unanimously adopted by the European Association and to which my friend from Madras lent his cordial support. That resolution reads thus:

"This meeting is of opinion that while it is essential for the credit and well-being of India that the Budget should be balanced, the estimated deficit should be mainly met by retrenchment".

There comes something in the nature of a principle as to how to balance the Budget . . . .

**Mr. C. Brooke Elliott:** At that time we did not know what retrenchments were going to be made; we have now had a large instalment; we discussed it, and we still press for more. We still stand by the principle. But I do not want to interrupt the Honourable Member.

**Mr. C. S. Ranga Iyer:** I welcome the interruption. It is such a pleasure to answer the Honourable Member. I am afraid he will have to answer for his attitude here in regard to the resolution when he goes back to Madras to his own constituency. I think it has been inconveniently worded so far as the part he has played in this House to-day is concerned. The resolution says "not wholly by retrenchment"; it says mainly by retrenchment. The resolution goes further and it calls attention to the growth of expenditure in the civil and railway administration of the Government of India in recent years inspite of the large devolution of responsibility to the provinces since the reforms and urges the setting up of a searching inquiry into the departments and agencies of the Central Government with a view to effecting drastic economies and reducing expenditure to the minimum necessary for the efficient carrying out of its essential functions. And my friend, Mr. Brooke Elliott, in seconding the resolution said:

"For if the European Group of ten in the Assembly voted together—and he anticipated no difference of opinion among them—and joined hands with the Opposition in the Assembly it was obvious that there would be strenuous opposition for the Government to face. . . ."

**Mr. C. Brooke Elliott:** We did not ask for a division on Saturday because we were wiser by then, and so we all got together.

**Mr. C. S. Ranga Iyer:** My friend's humour does not help him to get out of the position. He truly says that if the European Group joined hands with us and a division was challenged, we would have carried the day, and therefore I would remind my friend of his words that when we press some amendment or another to a division I expect my friend to go to the lobby with me.

**Mr. C. Brooke Elliott:** With pleasure when we can find a better scheme. Mr. Mody's scheme is one!

**Mr. C. S. Ranga Iyer:** I have not completed the quotation. My friend said:

"For if the European Group joined hands with the Opposition in the Assembly, it was obvious that there would be strenuous opposition for the Government to face and the Government would be defeated on a number of the present proposals".

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Sir, looking at the face of the Honourable the Chief Whip of the Government, I do not think that he is very much embarrassed by Mr. Brooke Elliott's threat delivered in distant Madras. He would rather judge by his attitude to-day and hope that there would be no such embarrassment for the Government on a number of proposals, because the European attitude in this House has been more that of the Leader of the European Group and less that of Mr. Brooke Elliott's speech in Madras. Mr. Brooke Elliott himself has rather been impressed by the atmosphere that prevails on the European Benches and has embraced a policy which is not calculated to embarrass the Government. Sir, if only my friend over there carefully goes through the speeches that were delivered by the Chairman and the other speakers of the European Association, he will find that they suggested some other method of balancing the Budget. They, for instance, Sir, as I shall presently show, did not make an alternative Budget, but they made certain suggestions which are very useful and which my Honourable friend over there, in fairness to him I must state, certainly referred to on a previous day, but now that he finds that there is an idea on the part of the Opposition to press certain amendments to a division, he is strongly rallying, as his attitude to-day shows, to the side of the Government. But, Sir, we would rather like him and the European Group to stand more or less by us if they can,—at any rate he ought to in view of the attitude taken by the Madras European Association. In their opinion the new duties would be disastrous to trade without increasing the revenue. Drastic economies should be effected in expenditure by the Central Government. Further reductions were necessary in military expenditure. (*Mr. C. Brooke Elliott*: "Hear, hear"). I am glad that my Honourable friend, Mr. Brooke Elliott, says "Hear, hear", and I hope he will persuade Government to bring down the military expenditure much further.

**Mr. C. Brooke Elliott**: I pressed for it last week in my speech.

**Mr. C. S. Ranga Iyer**: My Honourable friend did say so in his speech but we have not had so far an assurance from the Honourable the Finance Member that they are going to reduce the military expenditure further than they have done. I know the difficulties of the Honourable the Finance Member in this matter. He is not responsible to this House, and the constitution is in the melting pot. Until a new constitution is in force he has to go by the dictates of a Government divided from us by more than half the world. That again is the utter helplessness of the position in which we are placed. For so many years we have been urging the reduction of military expenditure, and unless the Government make up their mind either to get the money for the British Army in India from the British Exchequer, or to reduce the military expenditure, it would be very difficult indeed to carry on the administration of the country. This is a matter on which I am glad that the European Association in Madras and its representative here have taken a strong attitude. I am glad also that my Honourable friend, Mr. Moore, did not completely deny in his speech that the British Army in this country and the Army on the North West Frontier have been kept also for imperial considerations. He tried to explain the other day in his interesting and very logical speech,—he tried to argue that imperial considerations meant certainly the defence of India. I agree, but imperial considerations also



meant something more than the defence of India. Imperial considerations meant Canadian considerations. Supposing, for instance, in the next war the United States of America and England espouse opposite sides, what will happen? Will not the Indian Army I ask be sent to Canada even as it was sent to the fair fields of Flanders? That is the whole position in a nutshell.

**Mr. Arthur Moore** (Bengal: European): May I point out to the Honourable Member that, whenever Indian troops are employed, and have been employed outside India, as for instance when a brigade was sent to China for a short time a few years ago, that was not charged to India? (*Some Honourable Members*: "Who maintains them?")

**Mr. C. S. Ranga Iyer**: Sir, I hear a number of voices from this side, "Who maintains them?" If the Honourable Member only knew as to who maintained them, perhaps he would not have interrupted me. I am not at all saying that India is going to maintain this Army in Canada when war breaks out in the world and the United States take one side and England takes another side. I know that Canada will pay for the maintenance of the Indian troops when the Indian troops are engaged in Canada, but the whole case is we are not dealing with abnormal conditions when troops are moved from this country. We are to-day dealing with the maintenance of a very big Army in India for imperial purposes. My Honourable friend the other day when I interrupted him did not have the ordinary courtesy to concede that there was some sense in what I said. He insinuated that there was no sense in it. I would ask the Honourable gentleman who, as the editor of a newspaper ought to be better informed, and as the leader of a group ought to be a little more polite,—I would suggest to the Honourable gentleman to read some of the literature on the subject, to read for instance the letter of Lord Randolph Churchill to the Treasury, to read the opinion of responsible Englishmen as to the injustice of making India bear the imperial burden when she cannot afford to bear it. How have we been made I ask to bear that burden, in this beastly Budget of the Honourable the Finance Member, the beastliness of which nobody knows better than the Honourable the Finance Member himself, because we are living in beastly times? Sir, by asking the poor people to pay for it,—to pay for a British Army in India, to pay for an Imperial Army on the North West Frontier, for what? For Imperial purposes. That, Sir, is the point that I want to make from this side of the House. I admit that the Honourable the Finance Member is faced with a very great difficulty. He is not responsible to this House. We have no control over the financial or the budgetary or other matters. He is responsible to England, to Great Britain, and "His Excellency the Commander-in-Chief", as my Honourable friend, the Deputy President, rightly prompts me, "is not responsible to him". He is responsible to the War Office in England. That will be the position, until the constitution is changed. And I do not say one word against the Honourable the Finance Member's inability in this matter because it would be unjust and unfair to him. And when I say it is a beastly Budget, I say he realises it as much as anybody on this side; we are living in beastly times, nobody likes these beastly times. Sir, the editor of a newspaper called *Indian Finance* told me in Simla "It is a ghastly Budget", and I told him that its ghastliness was realised much more by the Honourable the Finance Member as one could judge

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from the delivery of his speech, for he spoke with pain. Nobody likes this Budget, but let it not be understood for a moment that the Opposition does not realise the difficulties in which the Honourable the Finance Member is placed. For instance, we are not rejecting the Finance Bill. There has been no obstruction from this side to throw out the Finance Bill. We fully realise the difficulties in which the Honourable the Finance Member is placed, but we expect a better attitude from the Leader of the European Group, as good an attitude as the European members in Madras took in this matter. Because that is the only way in which we can strengthen the hands of the Government to fight the British Government to get the military expenditure reduced. Unless you get the military expenditure reduced what happens? The people have got to pay. Income-tax comes down to a thousand rupees. I say it is monstrous to ask men getting less than Rs. 90 a month to accept a 10 per cent. cut in pay. It is simply impossible to live in this country on Rs. 80. I do not for a moment say that the cut does not fall heavily on the Honourable Members sitting over there and the members of the superior services. I am quite willing to concede that they have got two establishments to keep, one in this country and another in England to educate their children. I do not for a moment deny that they have come on a contract. There is the sanctity of the contract which I at any rate will be the last man to violate. I do not for a moment say that you should repudiate the pledge which you gave them when they entered the service, but I do say, "Reduce the military expenditure". That is what I want. I am not arguing about a graduated cut, though that would be the right thing so far as the underpaid people are concerned. The big men have got to pay more and the men at the bottom have got to pay less, but we have the answer of the Finance Member, supplemented by the answer of the Honourable the Railway Member, that unless you have the 10 per cent. cut and unless that cut goes down to the bottom, you cannot get enough revenue, and I think that it is better that there should be a ten per cent. cut than that you should send people away to the wilderness. I wish that this cut had gone even a little lower if necessary than that people should have been dismissed. Some of them are being dismissed at present, and if the Honourable the Finance Member and the Railway Member are in a position to tell us how many have been sent out, we shall be able to know how much addition they have made to the problem of unemployment in this country. It is a matter that the Government of India should seriously take up with His Majesty's Government, and unless England pays for the maintenance of the Army in this country or agrees to reduce the military expenditure, I think we will be going deeper and deeper into the ditch. That is also the opinion of the Madras European Group. I need not read quotations from the speeches that have been delivered at their meeting, but it is very nice to note that they are beginning to move with the times and they have begun to realise that there is no other way out of the difficulty.

Then the Honourable the Finance Member ought to give us a fuller explanation on another aspect. I admit he has explained before, but judging from the speeches that have been delivered to-day, his explanation does not seem to have wholly satisfied the Opposition as to why the operation of section 2 of the Indian Finance Act of 1931 should be extended to 31st March, 1933. The constitution is not going

to be suspended as it has been suspended in Ireland. There is no party of obstruction in this House. The Finance Member could have come to us next session and placed before us further facts in his possession and asked us to pass the Finance Bill. At any rate that is the opinion that has been expressed so far. Whatever the political crisis in this country might be, so far as this House is concerned, constituted as it is at present and responsible as it feels under certain circumstances, there is no danger of the House taking an impossible or unreasonable attitude. Therefore I wonder why the operation of this Bill should have been extended up to the 31st March, 1933.

Sir, it has been said that the reforms are expensive. They are proving more and more expensive. The reforms have proved more expensive than many people thought. It is the fault of the reformers themselves. I remember, Sir, when the Swarajist Opposition in this House wanted to fix certain salaries at a certain level, the Government took very strong exception to it. The result was that they could not bring down the salaries that they wanted to bring down and I suppose the Government then thought that the proper thing for them to do would be to enable Indians to keep up the same standard of living that the Europeans do. I personally thought so at the time, for I plead guilty to the charge which my Swarajist friends brought against me at the time that I at any rate did not agree with them in bringing down the salary of the President from Rs. 4,000 to Rs. 3,000. It was a very close shave—that voting—and my absence from this House saved, I think, the salary of the Chair and kept it at Rs. 4,000. I am mentioning this incident to show that the Opposition wanted to effect retrenchment. The Government were living then in plentiful times and they never thought that times would be so narrow. Sir, the proper cure against the expensiveness of the reforms was suggested by the most ferocious agitator for reforms, namely Mahatma Gandhi. He said that the salaries must not be more than Rs. 500. I understand the spirit in which the Indian agitators ask for this, I use the word "agitators" in the sense in which I use it generally, (Laughter) meaning men who reasonably agitate for the extension of the reforms. If the spirit in which these agitators have been asking for the reduction of salaries begins to animate the Government, I am certain that the reforms in future will be less expensive than they have proved hitherto. I do not want to make a very lengthy speech but this being my first speech during this debate, I thought I might permit myself these observations which are relevant to this occasion.

I have only one more remark to add. Must there be an exodus of troops to the hill stations during this lean period? I am always very careful when I have got to make any observation about the troops.

**Sir Muhammad Yakub:** If the Honourable Member has read the report of the Army Retrenchment Committee, he will find that they have made this recommendation and probably it has been accepted.

**Mr. C. S. Ranga Iyer:** I may tell the Honourable gentleman that I have studied no Retrenchment Committee's report. All I have read carefully is the Finance Member's speech and the Finance Bill and until the Honourable the Leader of the Independent Party produces his report, though I think his belated report will not be of very much use to us then, there was no use in reading these reports bit by bit. I would read them

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all together. I may further tell the Honourable gentleman from Moradabad that some of the Retrenchment Committees are not worth the expense that the Government have incurred on them. I may still further say that if an expert committee had been appointed, it would have done the work more expeditiously and better than the Retrenchment Committees have done. I may lastly say that the unnecessary prolongation of the production of one of the Retrenchment Committees' reports—I do not know whether it is going to be produced at all—is a reflection on the competence of the gentlemen who work on that Committee. They ought to have produced the reports in time. There is no use in producing facts and formulas after the flood. They should have produced their facts and formulas before the floods but after the Government have arrived at certain conclusions, Sir Abdur Rahim's Committee's report is going to be placed in our hands. It might very well find its way to the waste-paper basket because the Government are not going to change the opinions and conclusions which they have formed on the subject. I do not for a moment reflect on the Committee on which my esteemed friend, Mr. Shanmukham Chetty, sat. I have not studied that report, but I have had the benefit of a discussion with the Honourable the Deputy President and I know its conclusions. That is a businesslike report that has been worth discussing especially because it came in time.

As for the Army Retrenchment Sub-Committee's report, I have read the memorandum on that subject which the Honourable the Finance Member supplied, and if my Honourable friend, Sir Muhammad Yakub, is pleased with some of the recommendations of that report, I am very glad that he is pleased with them; and if my reference to the exodus of troops is one of the recommendations of that report, I am also glad that that recommendation is there, but I do not know whether it has been decided by the Government that the troops must not go to the hills. As I was saying, the reports that are not ready of the Retrenchment Sub-Committees could really be thrown into the waste-paper basket; and possibly my friend, Mr. Brooke Elliott, who is not in his seat just now, would have suggested to the Government to buy more waste-paper baskets than one. (Laughter.) I was not suggesting anything unkind about the Army Retrenchment Committee's recommendations regarding the exodus of troops. My inquiry was, have Government decided not to send troops to the hill stations? When I made that suggestion, I did so with great hesitation because His Excellency the Commander-in-Chief, whose opinion in this matter finally counts, will have to be consulted. The health of the troops must deserve consideration. But I am only making the suggestion whether it will not be possible to stop the exodus, not only of the troops but also of the Government, excepting of course some of the important members of the Government. I think if the exodus expenses can for one or two years be brought down to the minimum, it being confined to the bigger men, perhaps we might be saving some money. This is a matter which has not so far been urged by the Opposition and I thought I might refer to it.

Sir, with these observations I once again put it to the Finance Member to consider the suggestions that we have made from this side of the House—suggestions which have also the approval of the Madras European Group—and also to consider whether he could not forego further taxing the poor people in regard to salt. I will take an opportunity of speaking

on this at a later stage. I would also suggest to him—though I find a motion of the Honourable Mr. Shillidy on the paper—whether it will not be possible altogether to forego the increment in regard to postcards by finding some other source to tax, instead of the poor people who use postcards. This is a matter of great importance, but I shall take it up at a later stage.

**Mr. Arthur Moore:** Sir, I understood my Honourable friend, Mr. Ranga Iyer, to bring some charge of personal discourtesy against myself. The Honourable Member himself is on all occasions so scrupulously fair to his opponents, so anxious to avoid insinuation and innuendo, and so careful in the use of quotation, and so restrained in his language (Hear, hear) that if I was betrayed into any discourtesy to him, I ask him to accept my apology. (Mr. Ranga Iyer nodded.) He discussed a question, Sir, the relevance of which to the motion to reject clause 2 was not, I admit, entirely apparent to me. I should just like to make one observation,—if I can do so in some collection of phrases which will not offend the susceptibilities of the Honourable Member. When you consider that Canada, a country with a very few millions of population and a tremendous land frontier, living alongside of an immense country with a population and wealth many times her own, relies entirely upon the friendship between two English-speaking peoples, and does not herself attempt to defend that frontier, it still does not appear to me entirely reasonable to suggest that peace is maintained on that frontier by the troops on the North-West Frontier of India, or that they can possibly enter into the consideration. There may be imperial considerations elsewhere. We have known occasions when Indian troops have been used in the defence of the Empire outside India; but I think my Honourable friend is perhaps a little unfortunate in the particular instance which he has selected. *viz.*, Canada.

Now I will turn from that to the motion to reject clause 2, and there my Honourable friend made great play with the argument that my colleague, Mr. Brooke Elliott, after he had read the Retrenchment Committee's reports and discovered the action which the Government proposed to take upon them, had acknowledged that a good many of the things which he himself had desired and on which he had expressed strong opinions, were now being done for him, and therefore he had revised his attitude towards the Budget. About that, I can only say that, when my Honourable friend also takes the trouble to read these reports, which he told us he has not yet read, is it not possible . . . .

**Mr. O. S. Ranga Iyer:** But I have read your comments on the Retrenchment Committees' reports.

**Mr. Arthur Moore:** . . . is it not possible that he too may revise his attitude towards the Budget? About the general attitude of this House towards the Budget, I will say this, that I detect a real bond of union between the various sections of the Opposition and ourselves in our dislike of this increased taxation (Hear, hear). I confess to not finding the same unity amongst the various sections of the Opposition when it comes to suggesting alternative proposals, but surely the justification for voting for what we do not like, the one justification for voting for what we do not like, is that this is a national emergency, and that we do want to balance the

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Budget (Hear, hear). If it is a national emergency, and if we want to balance the Budget, then it does no good to reject clause 2. If you reject clause 2, you are faced with a deficit next March. The only arguments that I have heard to-day, seem to me to cancel each other out. Mr. S. C. Mitra took the gloomy view. He said, in effect:

"What is the good of bringing in this Budget now when the Round Table Conference will probably break down, and you will have civil disobedience all over again, and you will want much more money than this, and probably you will have to come to us and ask for a lot more?"

Well, that is certainly an extremely pessimistic line to take, and I hope this gloomy prognostication may prove unjustified. But I noticed that Mr. Maswood Ahmad and Pandit Satyendra Nath Sen who spoke immediately afterwards took exactly the opposite line, and they practically said:

"Everything is going to be all right, trade is going to boom, so let us gamble upon another extra ten crores and balance the Budget in next March."

Well, much as I should dislike to see Mr. Mitra's gloomy prophecy fulfilled, I cannot bring myself to hope, or to begin to hope, that these optimistic prophecies can possibly be fulfilled, or that there is the smallest chance of the Honourable the Finance Member finding himself with a surplus next March. He can only balance his Budget and realise a surplus in the end by budgeting now till March, 1933. And I would put it this way. The Round Table Conference is now discussing an advance to self-government on the basis that India is a nation. What is the test of a nation? Is it not that when we are threatened with disaster, threatened by forces from outside which we cannot control, we sink our differences and sacrifice ourselves. And does anybody suggest that we are not facing a world-wide economic blizzard? Does any one suggest that even if the Government of India and the Honourable the Finance Member had been a great deal wiser and a great deal foreseeing, we would not have had to face this economic blizzard, or that it is not part of a world depression? If we grant that, and if we grant that we are faced with what other nations are faced with, that our credit is threatened, that we too have been experiencing a flight from the rupee, as England has been experiencing a flight from the pound, then what is the test of a nation? The test of a nation is the test that England has successfully passed. Where are those now who went to the polls asking the English people to refuse to pass the test? Did the working man listen? They told him his dole would be cut, that this would happen to him and that would happen to him. He would not listen, because the country is a nation. And we here, Hindus, Mussalmans, Sikhs and Christians, Indians and Europeans, we hope surely that we are a nation in the making. Is not that what we have got to work for? Why should things be so different in India from what they are in England? Why are we, the moment our pockets are touched, beginning to cry out and say, "Not this, not that; do this and that but do not touch us?"

**Mr. D. K. Lahiri Chaudhury** (Bengal: Landholders): I am unwilling to interrupt the Honourable Member, but I would ask him one thing. What portion of the revenue is spent in England on the Army?

**Mr. Arthur Moore:** I do not think that the Honourable Member's question is relevant at all. (*An Honourable Member:* "Because it cannot be answered".) The point is, are we or are we not faced with a national emergency? I cannot see that there can be any answer at all except that we are faced with a real national emergency, and this is our time and our opportunity to show the world that we are a nation in the making.

(Mr. N. N. Anklesaria then rose to speak.)

**Mr. President:** How long are you likely to take?

**Mr. N. N. Anklesaria** (Bombay Northern Division: Non-Muhammadan Rural): I shall take about three-quarters of an hour, Sir.

**Mr. President:** In that case I will adjourn the House now. I should like however to make one remark before adjourning the House. Honourable Members are aware that when the House was adjourned from Simla to Delhi for the consideration of this important measure it was made quite clear that it was essential that the consideration of the Finance Bill should be completed by a certain date. The matter is of the utmost importance, and though Honourable Members are perfectly entitled to have their full say on these important issues, I cannot but appeal to them to exercise a little self-denial in the matter of addressing the House. Though the Chair is entitled to accept closure in terms of the Standing Order, it is always reluctant on such an important occasion like this to bring the discussion to a close. I must however say that it appears to me that we have practically fully discussed this amendment, and if closure is asked, say at about 12-30 tomorrow, I propose to accept it. The Chair is bringing this matter to the notice of the House in order that Honourable Members may be prepared to vote on this one amendment tomorrow morning after more than a day's full debate.

**Mr. N. N. Anklesaria:** I shall be briefer in that case, Sir.

**Mr. C. S. Ranga Iyer:** May I say one thing? I have had a talk with the Chair in Simla on that matter and I can only say this much that I do not think that the debate over this Finance Bill will be extended over a single day beyond the allotted official days for the Assembly to vote this Bill. I do not think that the Chair wants that we should finish it this week . . . . .

**Mr. President:** Certainly not.

**Mr. C. S. Ranga Iyer:** . . . because this is an important motion, and I may say that we would not adopt any dilatory tactics at all.

**Mr. President:** The Chair has clearly recognised that the subject is so important that it lends itself to speeches from all sections of the House. I merely wish once again to draw the attention of Honourable Members to the urgency of coming to decisions. What those decisions may be is in the hands of the majority. The House will now adjourn till 11 o'clock tomorrow.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 12th November, 1931.