

4th March 1936

THE

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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Volume III, 1936

(28th February to 17th March, 1936)

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THIRD SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,  
1936



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1936

# Legislative Assembly.

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**MR. M. S. ANEY, M.L.A.**

# CONTENTS.

VOLUME III.—28th February to 17th March, 1936.

	PAGE.		PAGE.
<b>FRIDAY, 28TH FEBRUARY, 1936—</b>		<b>FRIDAY, 6TH MARCH 1936</b>	
Members Sworn . . . . .	1789	—contd.	
Presentation of the Budget for 1936-37 . . . . .	1789—1805	The Indian Cinematograph (Amendment) Bill—Re-appointment of Mr. A. S. Hands to the Select Committee . . . . .	1995—96
The Indian Finance Bill—introduced . . . . .	1805	Report of the Indian Delimitation Committee—Referred to a Committee . . . . .	1996—2019
Statement of Business . . . . .	1805—08	Resolution re Non-ratification of Draft Convention concerning the hours of work—Adopted . . . . .	2019—20
<b>TUESDAY, 3RD MARCH, 1936—</b>		<b>MONDAY, 9TH MARCH, 1936—</b>	
Questions and Answers . . . . .	1809—45	Questions and Answers . . . . .	2041—86
Agreement between the Secretary of State for India in Council acting by and through the Governor in Council, Government of the United Provinces of Agra and Oudh, and the Reserve Bank of India . . . . .	1845—47	Unstarred Questions and Answers . . . . .	2086—2127
General discussion of the General Budget . . . . .	1848—92	Short Notice Question and Answer . . . . .	2127—28
<b>WEDNESDAY, 4TH MARCH, 1936—</b>		Message from His Majesty the King Emperor . . . . .	2128
General discussion of the General Budget . . . . .	1902—1949	The General Budget—List of Demands . . . . .	2128—74
Statement of Business . . . . .	1949—51	Demand No. 32.—Home Department—Bureau of Public Information—the propagandist activities of the Home Department through the Director of Public Information especially the publication "India in 1933-34" . . . . .	2134—55
<b>FRIDAY, 6TH MARCH, 1936—</b>		Demand No. 31.—Foreign and Political Department—Perilous nature of the forward policy pursued by the Government of India . . . . .	2135—74
Questions and Answers . . . . .	1952—89	<b>TUESDAY, 10TH MARCH, 1936—</b>	
Statements laid on the Table . . . . .	1990—92	Questions and Answers . . . . .	2225—2231
Sir Frederick Whyte's notes referred to by the Honourable the Home Member during the discussion on the Adjournment Motion on the 24th February, 1936 . . . . .	1992—94		
Election of Members to the Standing Committee for Roads . . . . .	1994		
The Decrees and Orders Validating Bill—introduced . . . . .	1995		
The Indian Land Revenue (Amendment) Bill—introduced . . . . .	1995		

TUESDAY, 10TH MARCH, 1936— <i>contd.</i>	PAGE.	WEDNESDAY, 11TH MARCH, 1936—	PAGE.
Election of Members to the Standing Committee for Roads	2222	Questions and Answers	2449—79
The General Budget— List of Demands— <i>contd.</i>		Unstarred Questions and Answers	2479—2507
Demand No. 31.— Foreign and Political Department— <i>contd.</i> Perilous nature of the forward policy pursued by the Government of India	2222—27	Statements laid on the Table	2507—09
Demand No. 28.— Executive Council— No confidence in the Government	2227—60	The General Budget— List of Demands— <i>contd.</i>	2509—68
Demand No. 79.— Baluchistan— Expenditure due to earthquake at Quetta	2246—69	Demand No. 16.— Customs Grievances of the Employees of the Customs Department	2511—24
WEDNESDAY, 11TH MARCH, 1936—		Position of Bengal Muslims in the Customs Offices at Calcutta and Chittagong	2522—24
Questions and Answers	2271—2310	Demand No. 17.— Taxes on Income	2524—25
The General Budget— List of Demands— <i>contd.</i>		Demand No. 18.— Salt	2525
Demand No. 39.— Defence Department— Defence policy of the Government of India	2310—47	Demand No. 19.— Opium	2525—26
Demand No. 22.— Home Department— Repressive policy	2347—58	Demand No. 19-A.— Excise	2526
THURSDAY, 12TH MARCH, 1936—		Demand No. 20.— Stamps	2526—27
Questions and Answers	2359—2402	Demand No. 21.— Forest	2527
Amendment of Standing Orders—Representation of the Reports of the Select Committees	2402	Demand No. 22.— Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works	2527
The General Budget— List of Demands— <i>contd.</i>		Demand No. 23.— Indian Posts and Telegraphs Department (including Working Expenses)	2528—50
Demand No. 32.— Home Department— <i>contd.</i> Repressive policy	2402—24	Certain grievances of the employees of the Postal Department, especially the grievances of postmen and the inferior servants of that Department	2528—45
Demand No. 30.— Finance Department— Retention of emergency taxation of 1931 and the urgent necessity of its abolition	2424—48	Position of minorities in Bengal and Assam Postal Circle	2545—47
		High rates for telephone trunk calls	2547—50
		Demand No. 25.— Interest on Debt and Reduction or Avoidance of Debt	2550

	PAGE.
FRIDAY, 13TH MARCH, 1936	
—contd.	
The General Budget—	
List of Demands—contd.	
Demand No. 26—Interest on Miscellaneous Obligations	2550
Demand No. 27—Staff, Household and Allowances of the Governor General	2550—54
Demand No. 28—Executive Council	2555
Demand No. 29—Council of State	2555
Demand No. 30—Legislative Assembly and Legislative Assembly Department	2555
Demand No. 31—Foreign and Political Department	2555
Demand No. 32—Home Department	2555
Demand No. 33—Public Service Commission	2555
Demand No. 34—Legislative Department	2555
Demand No. 35—Department of Education, Health and Lands	2555
Demand No. 36—Finance Department	2555
Demand No. 38—Commerce Department	2555
Demand No. 39—Defence Department	2555
Demand No. 40—Department of Industries and Labour	2555
Demand No. 41—Central Board of Revenue	2557
Demand No. 42—Payments to Provincial Governments on account of Administration of Agency Subjects	2557
Demand No. 43—Audit	2557
Demand No. 44—Administration of Justice	2557
Demand No. 45—Police	2557
Demand No. 46—Ports and Pilotage	2557
Demand No. 47—Lighthouses and Lightships	2558

	PAGE.
FRIDAY, 13TH MARCH, 1936	
—contd.	
The General Budget—	
List of Demands—contd.	
Demand No. 48—Survey of India	2558
Demand No. 49—Meteorology	2558
Demand No. 50—Geological Survey	2558
Demand No. 51—Botanical Survey	2558
Demand No. 52—Zoological Survey	2559
Demand No. 53—Archaeology	2559
Demand No. 54—Mines	2559
Demand No. 55—Other Scientific Departments	2559
Demand No. 56—Education	2559
Demand No. 57—Medical Services	2559
Demand No. 58—Public Health	2559
Demand No. 59—Agriculture	2560
Demand No. 60—Imperial Council of Agricultural Research Department	2560
Demand No. 60-A—Scheme for the improvement of Agricultural Marketing in India	2560
Demand No. 61—Civil Veterinary Services	2560
Demand No. 62—Industries	2560
Demand No. 63—Aviation	2561
Demand No. 63-B—Capital Outlay on Civil Aviation charged to Revenue	2561
Demand No. 64—Commercial Intelligence and Statistics	2561
Demand No. 65—Census	2561
Demand No. 66—Emigration—Internal	2561
Demand No. 67—Emigration—International	2561
Demand No. 68—Joint Stock Companies	2562

	PAGE.
<b>FRIDAY, 13TH MARCH, 1936</b>	
— <i>concl.</i>	
The General Budget—	
List of Demands— <i>concl.</i>	
Demand No. 69—Miscellaneous Departments	2562
Demand No. 70—Indian Stores Department	2562
Demand No. 71—Currency	2562
Demand No. 72—Mint	2562
Demand No. 73—Civil Works	2562
Demand No. 74—Superannuation Allowances and Pensions	2563
Demand No. 75—Stationery and Printing	2563
Demand No. 76—Miscellaneous	2563
Demand No. 76-A—Expenditure on Retrenched Personnel charged to Revenue	2563
Demand No. 76-B—Miscellaneous Adjustments between the Central and Provincial Governments	2563
Demand No. 77—Re-funds	2564
Demand No. 79—Baluchistan	2564
Demand No. 80—Delhi	2564
Demand No. 81—Ajmer-Merwara	2564
Demand No. 82—Andamans and Nicobar Islands	2564
Demand No. 83—Rajputana	2564
Demand No. 84—Central India	2565
Demand No. 85—Hyderabad	2565
Demand No. 85-A—Aden	2565
Demand No. 86—Expenditure in England—Secretary of State for India	2565
Demand No. 87—Expenditure in England—High Commissioner for India	2565
Demand No. 88—Capital Outlay on Security Printing	2566

	PAGE.
<b>FRIDAY, 13TH MARCH, 1936</b>	
— <i>concl.</i>	
The General Budget—List of Demands— <i>concl.</i>	
Demand No. 89—Forest Capital Outlay	2566
Demand No. 90—Irrigation	2566
Demand No. 91—Indian Posts and Telegraphs	2566
Demand No. 92-A—Capital Outlay on Schemes of Agricultural Improvement and Research	2566
Demand No. 93—Currency Capital Outlay	2566
Demand No. 94—Capital Outlay on Vizagapatam Harbour	2567
Demand No. 95—Capital Outlay on Lighthouses and Lightships	2567
Demand No. 96—Commuted Value of Pensions	2567
Demand No. 96-A—Expenditure on Retrenched Personnel charged to Capital	2567
Demand No. 97—Delhi Capital Outlay	2567
Demand No. 98—Interest-free Advances	2568
Demand No. 99—Loans and Advances Lending Interest	2568
Statement of Business	2568
<b>MONDAY, 16TH MARCH, 1936—</b>	
Questions and Answers	2569—2606
Short Notice Question and Answer	2606—07
Message from His Excellency the Viceroy and Governor General	2607
The Parsi Marriage and Divorce Bill—As passed by the Council of State laid on the Table	2607
Statement laid on the Table	2607—09
Election of Members to the Public Accounts Committee	2610
Election of a Member to the Standing Committee on Pilgrimage to Hedjaz	2610

	PAGE.		PAGE.
<b>MONDAY, 16TH MARCH, 1936</b>		<b>MONDAY, 16TH MARCH, 1936</b>	
— <i>contd.</i>		— <i>contd.</i>	
The Cochin Port Bill— Introduced. . . .	2611	The Indian Finance Bill— Discussion on the motion to consider not concluded . . . .	2612—59
The Factories (Amend- ment) Bill—Introduced	2611	<b>TUESDAY, 17TH MARCH, 1936—</b>	
The Cantonments (Amendment) Bill— Re-committed to Select Committee . . . .	2611—12	Questions and Answers .	2661—07
		The Indian Finance Bill— Discussion on the motion to consider not concluded . . . .	2707—50

# LEGISLATIVE ASSEMBLY.

Wednesday, 4th March 1936.

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

**Mr. S. Satyamurti** (Madras City: Non-Muhammadian Urban): Sir, may I request you to be good enough to dispense with the question hour today, so as to enable more Honourable Members to take part in the discussion on the Budget? I understand that the Government have no objection.

**The Honourable Sir Wripendra Sircar** (Leader of the House): Sir, as regards Government, I shall make the position clear. We are making no request, neither are we expressly consenting; but if the President thinks that there is a good case for dispensing with the questions today, we shall raise no difficulties. We leave it entirely to the President.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands from office that the House has been able to dispose of a large number of questions, and, therefore, if the House generally agrees, the Chair is prepared to dispense with questions today if it will not cause inconvenience to any Honourable Member. But it is not to be taken as a precedent for the future.

## THE GENERAL BUDGET—GENERAL DISCUSSION—*contd.*

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadian Urban): Sir, there is nothing sensational about the Finance Member's speech and his budget contains no surprises.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadian Urban): Where is he?

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): As soon as he is informed of the decision about questions, he will be here. He did not expect that the discussion would start immediately.

**Dr. P. N. Banerjee**: The Honourable Sir James Grigg belongs to the orthodox school, and, naturally, his financial proposals tend to err too much on the side of caution and circumspection. It is pointed out by him that the actual surplus of 1934-35 exceeded the revised estimate by over a crore and three quarters, and that the revised forecast for the current year anticipates a surplus of nearly 2½ crores of rupees instead of a nominal surplus of merely Rs. 6 lakhs. The reason assigned by the Honourable the Finance Member for these successive improvements is

[Dr. P. N. Banerjea.]

that the recovery of India's economic position had set in more strongly than could have been foreseen. If the Honourable the Finance Member had used the words "foreign trade" instead of "economic position", I would have agreed with him; but it should be remembered that the foreign trade of a country is not necessarily synonymous with its economic position. Besides, would it be wrong for us to think that an additional reason may be found in the fact that excess of caution on the part of the Finance Member has led him to under-estimate the revenue to some extent.

Of course, we are all glad that the era of deficits is giving place to an era of surpluses, but what are the causes of these surpluses? In the first place, it appears to me that reduced interest charges account for a great deal of these surpluses. But the more important reason is that these surpluses are the after-effects of the heavy amount of additional taxation which was levied between the years 1930 and 1934.

Coming to the expenditure and revenue for the year 1936-37, it is estimated that the total revenue will be Rs. 87.35 lakhs, and this shows an improvement of Rs. 83 lakhs over the revised estimate for the current year. Here, again, it would not have been at all unsafe to estimate an improvement of something like three crores of rupees in view of the likelihood of a further recovery in the foreign trade of the country.

Sir, as for expenditure, as I have already pointed out, the interest charges are expected to be less by a crore and a half of rupees. The total figure, in spite of this fact, shows an increase of Rs. 1.20 lakhs over the current year's revised estimate. Of course, I do not object to beneficial expenditure; nor do I wish to say anything about the subventions to be paid to Sind and Orissa, although one may doubt the expediency of creating new provinces when the existing provinces are starving from lack of funds.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): It is all over now!

**Dr. P. N. Banerjea**: Yes, but people may still doubt the expediency. The increase under the head "Civil Administration" amounts to no less than Rs. 64 lakhs, while the increase in the defence budget is nearly half a crore of rupees. From this it is clear that avoidable expenditure, after having been kept under control for some time, is again showing signs of expansion. This is an alarming state of things, and the alarm is accentuated by the warning given by the Finance Member to the effect that the present budget figures do not represent a new permanent low level for defence expenditure. Sir, I desire to express my emphatic dissent from this view. My firm conviction is that retrenchment is absolutely necessary both in the Civil and in the Military Department, and that, unless effective measures are taken towards this end, no progress will be possible in this country.

In addition to ordinary expenditure, the budget provides for a large amount of extraordinary expenditure on Quetta. I do not object to the expenditure of about a crore of rupees which has already been incurred or is about to be incurred on relief, temporary housing and salvage operations, but re-construction stands on a different footing. The estimate for reconstruction is seven crores of rupees. The question which naturally suggests itself is, can the country bear such a huge burden? Is it not

possible to reduce the estimate to a lower figure? My own view is that a poor country like India cannot afford the luxury of an expenditure amounting to seven crores of rupees on the rebuilding of Quetta and that three crores of rupees would be more than sufficient for the purpose. Then, the question arises whether this sum of money is to be found out of revenue or out of borrowed funds. The Finance Member says that it is contrary to strict financial orthodoxy to borrow for expenditure which does not yield a cash return equivalent to the interest and sinking fund charges on the amount borrowed. My Honourable friend is only partially correct, for most of the eminent economists, who have written on public finance, have held the view that in the case of large extraordinary non-recurring expenditure the utilisation of public credit is permissible. Resort to a loan is particularly justified when a project is designed to benefit not merely the present generation but also future generations, or when it is feared that expenditure out of revenue will curtail the power of expending on essential social services. In the present instance, both these circumstances co-exist. The Honourable Member's suggestion that the annual burden of the Quetta reconstruction debt would be Rs. 75 lakhs is an absurd one.

I come now to the second argument of the Finance Member with regard to Quetta expenditure. He says that the financing of Quetta reconstruction out of borrowed funds would be prejudicial to the interests of the provinces. Here I must say, that the Finance Member is wholly wrong. He says that the burden of the Quetta debt will be heavily felt by the Central budget in the early forties, that is, at the time when it will be or ought to be distributing a portion of the income-tax receipts to the provinces. I must record my emphatic protest against the suggestion contained in the latter part of this statement. The distribution of income-tax receipts ought to begin simultaneously with the establishment of provincial autonomy, and provincial finances will be helped considerably if the decision is now taken to finance Quetta reconstruction out of loans instead of out of revenue. The needs of the provinces will be the greatest during the first five years of the new experiment, and their position will be extremely difficult if they do not receive the advantage of a financial readjustment between the Centre and themselves from the very commencement of their new career. It would be most unwise to force the provinces to resort to fresh taxation and, if the new Constitution is to get any chance of success, the fundamental principle of financial reallocation should be the provision of adequate revenues for the provinces. There will be no surer way of destroying the new Constitution than to starve the provinces.

Before leaving the subject of provincial finance, I desire to offer to the Honourable the Finance Member my sincere thanks for continuing the policy of making over half the proceeds of the jute export duty to my province. This has enabled Bengal to live, though on a very low level of existence. But I must say once again that this grant does not meet the needs of the situation. In spite of drastic retrenchment of beneficial services and the levy of a considerable amount of additional taxation, the budget of the Bengal Government discloses a deficit amounting to Rs. 51½ lakhs. No solution of the financial difficulty of the province will be possible unless her legitimate claim to the entire proceeds of the jute export duty and to the bulk of the income-tax revenue, derived from the province, is admitted and enforced.

[Dr. P. N. Banerjee.]

I come now to the Honourable the Finance Member's proposals for 1936-37. So far as the disposal of the surplus is concerned, I am glad to be able to say that some of his grants are for very desirable purposes. Rural reconstruction is undoubtedly one of the most urgent needs of the hour. But a more tangible benefit would have accrued to the country if my Honourable friend had ear-marked the whole grant for only two definite objects, namely, sanitation and the development of cottage and small-scale industries, instead of providing moneys for a large variety of purposes. I also cordially welcome his decision to transfer the balance amounting to Rs. 197 lakhs to the revenue reserve fund, for aiding the finances of the first year of provincial autonomy. As for remissions of taxation, I welcome the decision to remove the income-tax on the lower incomes; but I am definitely of opinion that the reduction in the surcharge on income-tax ought to have been held over till more prosperous times, and I strongly protest against the proposal to reduce the surcharge on the super-tax. No persons in the land are better able to answer the test of ability to pay than the super-tax payers; and in the existing system of taxation in the country, the burden which falls on them is much lighter than that which falls on the poorer sections of the community. I therefore, strongly urge that this proposal of the Honourable the Finance Member be not accepted by the House . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more.

**Dr. P. N. Banerjee:** Sir, I shall finish within two minutes. In this connection, I am glad to receive support from a very unexpected quarter. His Highness the Aga Khan is reported, in this morning's papers, to have said that he was in favour of taxing the rich for the benefit of the poor. His Highness is the richest man in the country, and, therefore, his words should carry weight with the Honourable the Finance Member.

The Honourable the Finance Member says that the most insistent demand of the commercial community with which he has been confronted is the claim for the abolition of emergency taxes on income; but has the demand for the reduction in the price of the postcard been less insistent? It is a matter for extreme regret that the Finance Member has turned a deaf ear to the voice of the poor while he has been so eager to listen to the voice of the rich. But the most culpable omission on his part relates to the salt tax which imposes an unduly heavy burden on the masses of the population. In the matter of tax remission, therefore, the Finance Member has merely touched the fringe of the problem and even that fringe is not the most important viewed from the standpoint of the interests of the country taken as a whole.

**Dr. R. D. Dalal** (Nominated Non-official): Mr. President, I heartily congratulate the Honourable the Finance Member on his masterly, lucid, and impressive speech, and on certain bright features of his budget. Sir, with your permission, I propose to avail myself of this opportunity to bring to the notice of the Honourable the Finance Member and of this Honourable House a vitally important and terribly urgent problem, namely, the combined health, economic, and population problem. In the first place, let us examine for a moment the vital statistics for the whole of British India. The figures for the calendar year 1933 are available. In 1933, the birth rate per one thousand of population was 35.5 as against 14.4 in England and Wales.

**Mr. S. Satyamurti:** What is the death rate?

**Dr. R. D. Dalal:** The death rate was 22.4 as against 12.3 in England and Wales. The infant mortality per one thousand live births was 171 as against 64 in England and Wales. In India, the average expectation of life at birth is only 25 as against 58 in England and Wales. From these figures, I have just quoted, we can infer that sickness rates in India must be several times higher than those in England and Wales. Having given the House an idea as to the vital statistics for British India, I shall now proceed to discuss very briefly the relationship of the health problem and population problem to the economic question. Since the beginning of the present century, annual additions to the population have steadily increased, because the high birth rate has remained more or less stationary whilst the general mortality rate has progressively diminished. Despite the appalling and deplorably excessive mortality owing to high birth rate and the subsidence of plague and the absence of any great pandemics, such as influenza, the population of India has increased by thirty-four millions during the last decennium ended 1931. The last census shows that the numbers of married women at different age periods between 15 and 35 are more favourable to the growth of population. The Census Commissioner in his 1931 Report has expressed the opinion that the normal percentage of increase in India may be taken as about ten per cent., but this rate has been exceeded in 1931, 1932, and 1933. So we can forecast that by 1941, when the next census will be taken, the population of India would probably reach the figure of four hundred millions. This increase in population has a very definite bearing on the economic question. If the population of India continues to grow at the present rate, and if the increase in the food supply is not markedly stimulated, the available surplus must gradually dwindle away till there would be no money to spend on education, medical relief, public health, police, railways, commerce, etc., and the country must lapse into barbarism. It will at once be seen that India is faced with a grave emergency. Therefore, it behoves us to sink all our differences and to awake to the fact that our country is in imminent danger. The population of India is increasing at an alarmingly rapid rate. This increase is a cause more for alarm than for satisfaction. In view of the economic consequences it is absolutely necessary to check the birth rate, and if birth control methods can reduce the terrible infant mortality of India, and if they can restrict the extent of suffering, illness and death among the women their adoption should be considered as humane and beneficial public health measures . . . .

**Dr. P. N. Banerjee:** What will be the effect on the morals of young people?

**Dr. R. D. Dalal:** The population of India is already living permanently on the verge of scarcity, and any further increase is bound to result in an insufficiency of the food supply, and this rise of population on the subsistence margin must reduce the standard of living. The progress of agricultural science has demonstrated that far larger supplies can be produced without any extension of the land area or increase of cost. The agriculturist desires to farm well, and to produce the utmost yields that the fertility of his land will permit. Medical opinion is now convinced that an adequate intake of proteins, mineral salts, and vitamins is essential for the resistance of disease and the maintenance of sound health.

[Dr. R. D. Dalal.]

Certain physical features prevalent amongst the rural population, such as bad teeth, rickets, stunted growth, anaemia, etc., are nutritional in origin. The rural population may be free of starvation, but the bulk of the population lack the optimum of nutrition. So it would be pedantry to deny that the production of food should be largely increased and its quality greatly improved. Our ideal should be to marry health and agriculture.

Sir, certain aspects of the population problem such as polygamy, polyandry, differential fertility, birth control, national food policy, marketing schemes, industrial development, colonization schemes, etc., all these require a close study in all their bearings and a protracted and formidable investigation. I may state in passing that active inquiry into these matters is long overdue. In this connection I would request the attention of this Honourable House to the Report of the Royal Commission on Agriculture, which stresses Government's duty to investigate medical problems and to enunciate and direct sound principles of public health administration. These are weighty words, and they have an added significance in that they represent the views of the Chairman of that Commission—the Marquess of Linlithgow, the Viceroy-designate of India. (Cheers.)

Sir, the health problems cannot be solved with any prospect of success by Public Health experts and the Public Health Department alone unless co-operation of other Departments of Government, above all, co-operation of the general public is secured. Let us reflect for a moment what would happen if the Medical and Public Health side of the problem were solved with complete success, while the other aspects of the situation were left untouched. If we succeed in reducing the infant mortality and if we succeed in abolishing preventable disease, the population will double itself in a generation. It is easy to imagine the consequences that would follow from a sudden upsetting of Nature's balance without applying the counterpoise in the shape of increased production of food, lowering of birth rate, celibacy, delayed marriage, war, pestilence, earthquake, famine, etc. If such a counterpoise be not applied, what will happen? The population will go on increasing, but the production of the necessities of life will not keep pace with the growth of population. So, there will be a steady deterioration in the state of the nutrition of the people. What is more? There will also be a steady deterioration in the financial situation of the country, because a population, which is carrying on a desperate struggle for bare existence, cannot possibly provide the revenues which are necessary for a progressive administration. Then, what is the remedy? To my mind, the imperative necessity of taking stock of the existing position is at once indicated. Therefore, I would strongly urge the immediate necessity for appointing a strong Commission for the purpose of making a thorough enquiry and investigation into all the factors influencing health so as to be able to pave the way for a permanent and practical scheme of economic uplift. The Commission should consist of picked men with a special knowledge of medical relief, public health, finance, economics, agriculture, education, industry, and sociology, also of a few educated women and leaders of public opinion, also of a few outstanding men from England, where conspicuous success has already been achieved in raising standards of health and economic welfare of the people. If we are sincerely anxious to promote the health of the people of India in a

sensible, rational, comprehensive and adequate way, I submit, that my suggestion is a vital, essential, and powerful instrument, and on that ground I earnestly, with all the emphasis at my command, commend the suggestion, namely, the appointment of a Commission to investigate into all the factors influencing health, to the favourable consideration of the Honourable the Finance Member; and I need hardly add that the sympathetic treatment of the suggestion I have just brought to his notice will earn for him the commendations and gratitude of all India. (Cheers.)

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Mr. President, brevity is the soul of wit, and that is the motto that my Honourable friend, the Finance Member, has adopted.

**Mr. S. Satyamurti**: One hour and twenty minutes!

**Sir Cowasji Jehangir**: It has considerable advantages. It does not sacrifice clarity, and while for us the advantage definitely is that we understand exactly what he desires to convey, the advantage to him is that he supplies less ammunition to the Opposition than is usual on such occasions. I will only touch upon two or three aspects of the budget, and that I trust very briefly.

The first conundrum that the Honourable Member has set us is, when is a non-recurrent source of revenue made into a recurrent source? I am afraid that that is entirely in his own hands. He can under-estimate the revenues and he gets non-recurrent resources, and then with these non-recurrent resources he hands out as a great benefactor doles all round. The poor taxpayer sees very little of the money that he has paid into the treasury. This under-estimating can go too far. It may be very pleasant indeed for the Treasury Benches to have sometimes two crores of rupees to dole out by simply calling it non-recurrent resources. Well, Sir, there is a time in the lives of most Legislatures when that sort of thing must stop for, after all, there are limits to the ability of the taxpayer to pay, and a safer, and, in the end, a juster method will be to really not go much further than the year before us and see what the surplus is likely to be. He makes use of these resources in several ways. I have mentioned one. He hands out doles all round, but he goes a little further. He makes forecasts into the future. It need hardly be said that we are living in most unsettled times. We do not know really what is going to happen in Europe. There are black clouds in the Far East, and he is a bold man who will forecast for more than a year ahead. We, some of us, who have got to deal with world conditions, are not able to say with any confidence as to what will happen a month ahead. But my Honourable friend, the Finance Member, is tempted to tell us what is going to happen, not only next year, but a year ahead, and again another year ahead. For the year 1937-38 he tells us that there is going to be a deficit of two crores. He estimates what the separation of Burma is going to cost. He estimates the cost of what Sir Otto Niemeyer is going to do. Then he estimates for a betterment. The result is a deficit of two crores, and then with a magic wand, the surplus that he has obtained in the last year of about the same amount he quietly puts into his pocket, and says, he will keep it as a reserve. Whom does that surplus belong to? Last year we told the Finance Member that we thought he was under-estimating and that he was on the safe side. Still he was not pleased to take our advice and

[Sir Cowasji Jehangir.]

give a little further relief to the taxpayer as we had suggested. He did not foresee that surplus and now he wants to keep it for a deficit that he believes will occur, not in the next year, but in the year to come. Then again in 1938-39, he tells us, he believes there will be another betterment of two crores and that the deficit will be wiped out. I would respectfully point out that, however much I admire my Honourable friend's foresight, I believe it is rather risky in the times in which we live to forecast in the way he has done. It is difficult enough to be able to see just before our noses, it is more so when one attempts to forecast what is going to happen in the next two years. I would be content with trying to see what surplus there will be next year and to let the future take care of itself. I have seen forecasts made in times gone by and I have a little experience of making budgets myself and I have seen how forecasts break down when you try to make them for two and three years ahead, especially in the conditions in which we live today. It is impossible to say what is going to happen next month with regard to commodity markets. It is impossible to say what the political position will be in the Far East two weeks hence. How is it then possible to make forecasts for two years and three years ahead? I will just touch upon another point that my friend, Dr. Banerjee, alluded to. For the next year one of the ways in which he disposes of the surplus is to hand over about a crore for the reconstruction of Quetta. Of that crore, I admit that a certain number of lakhs should rightly be debited to revenue but 78 lakhs that he takes from the surplus is very doubtful allocation. He propounds the dictum that you must not borrow for expenditure which does not yield a return equivalent to the interest and sinking fund charges on the amount borrowed. Now, Sir, we have had Finance Members who preached to us on the advantages of having safe finance. My Honourable friend perhaps rightly preaches to us safer finance and perhaps we will get another Finance Member who will preach on the safest finance—if the times be normal, there should be surpluses, if the worst times come suddenly upon us, there should not be a deficit. God help us from this safest finance. Safe finance means taking 78 lakhs from your surplus which ought to go into the pockets of the taxpayer and hand it over for the construction of buildings that may last 100 years and which will benefit generations to come. May I ask him whether that policy is always followed in England. I can give him many instances.

**The Honourable Sir James Grigg** (Finance Member): Not in England. You cannot.

**Sir Cowasji Jehangir**: What about Waterloo Bridge?

**The Honourable Sir James Grigg**: That is not financed by Government. Can you give me a single case of money spent from the Central Exchequer?

**Sir Cowasji Jehangir**: Most probably, the Central Exchequer does not spend on buildings. It is the local bodies that do it. What about the County Council Hall which cost 5½ million sterling and was financed by loan?

**The Honourable Sir James Grigg**: That is not Central Government. Can you give me a single instance of military works built out of capital?

**Sir Cowasji Jehangir:** What was done about the Pusa Institute last year? The proposal was made to pay for the Pusa Institute from revenue. The proposal was turned down by the House. It was then debited to capital. I will give any number of instances nearer home, Civil Aviation. The fact cannot be contradicted that this dictum is all right in theory but it is only put into practice when it suits the circumstances. When you have got a surplus and you do not want to return it to the tax-payer, you must find ways and means of disposing of it. If you had not the surplus perforce you would have had to borrow for the Quetta earthquake. I see that the Government of India have not adopted any fixed principles with regard to this question. Why should we be made to pay 78 lakhs this year and seven crores in the future? The main argument that my Honourable friend has brought forward is that he does not think that the three crores that we credit to a fund for the reduction of debt is sufficient on a capital debt of 1,200 crores. I do not think that my friend has drawn the picture quite in its correct perspective. That 1,200 crores debt is made up of debt incurred on railways. There is also 17½ crores on Posts and Telegraphs. Both these departments are commercial departments and have got their own budgets. In the Railway budget you have set aside 13½ crores for depreciation and replacements. Not a word about that is mentioned in the Finance Member's speech.

**The Honourable Sir James Grigg:** It is revenue.

**Sir Cowasji Jehangir:** Three crores on 1,200 crores debt is not a correct statement. He set aside 13 crores out of revenue as a depreciation and replacement fund on a debt of 800 crores. Now, in a commercial department, you keep your assets up to scratch. You put in so much for depreciation and replacements and you go on replacing and you keep your assets in a fairly good condition. Unless the commercial department is a flush of money and is making huge profits, it does not set aside for reserves to write down the capital charge. In stringent times, it considers itself lucky if it can set aside a sufficient amount for replacement and depreciation and, therefore, I contend that as far as 1,200 crores are concerned, 800 crores of it have been provided for. Then again in the Posts and Telegraphs Department the capital debt is something like 17 crores. I am not going into the exact way in which that 17 crores has been arrived at. I know the facts but take it for granted that 17 crores is the amount. Against that seventeen crores of expenditure you have got a depreciation fund of three crores—to be accurate, three crores, seven lakhs in 1934-35, you have set aside 25 lakhs a year for the next five years towards that fund. You used to set aside up to 34 lakhs; and when I had the honour of examining that question, in great detail, in a committee on which sat an expert from England, we did increase the lives of everything in the Posts and Telegraphs Department. Since then, Government came to the conclusion that we did not go far enough. They went further, and they have now decided on 25 lakhs. I think that is quite sufficient, more than enough, considering that on a debt of seventeen crores you have got a depreciation fund of three crores, seven lakhs. Therefore, I contend, that the picture drawn before this House by the Honourable Member is wanting in perspective, that his three crores I consider are sufficient to set aside in this fund, and, therefore, he cannot put forward the argument that, the three crores not being sufficient, he will not increase his capital

[Sir Cowasji Jehangir.]

debt even for Quetta but will make us, and force us to pay it out of revenue, thus utilising surpluses which ought to go into the pockets of the tax-payer. Now to cut a long story short, let us see what the Finance Member of the Government of India himself said on this subject and I will take the liberty of reading to you, Sir, just one paragraph from a speech made by Sir George Schuster on the 27th February, 1934, when he reduced this provision of six crores 88 lakhs to three crores, and this is what he said:

"We have come to the conclusion after weighing most carefully all the issues, that we have so strengthened our general financial position that in these times of special difficulty it is not necessary to strain the tax revenue in order to maintain our provision for Reduction and Avoidance of Debt at the full level fixed by the present convention. I would remind Honourable Members that this convention was settled in 1924 and laid down that in respect of all debt incurred up to March 31, 1923, a fixed sum of Rs. 4 crores should be set aside, and that on all debt incurred thereafter (other than debt for advances to the Provinces which make their own provision for repayment) a sum of 1½ per cent. should be provided. This scheme has meant that the budgetary provision for reduction of debt has increased from 3,78 lakhs in 1924-25 to 6,89 lakhs in the current year. Now, although the provision has automatically grown to this onerous degree, since 1929, the actual debt position has become sounder and the net burden lighter. While gross figures of the Government's indebtedness have increased, the value of the productive assets held against that debt have increased by more than the same amount. On March 31, 1924, the total indebtedness of the Government of India was 919 crores, on March, 31, 1934, the corresponding figure will be about 1,212 crores, an increase of 293 crores. But in the same period the interest-bearing assets of the Government will have increased by 314 crores, namely, from 664 to 978. And at the same time the net annual burden of interest has been substantially reduced. In the year 1924-25 the net charge to the budget for Interest on Debt (that is to say, interest paid less interest received) was just under 15 crores, while for next year the net charge will be less than 10½ crores. It is necessary to explain these facts in order that the position may be fully appreciated. The burden of the debt reduction provision has become especially heavy in recent years for the following reasons. The main portion of our debt represents advances to the Railways. So long as the Railways were paying to the Government a general contribution over and above the interest due from them, that represented something which could be fairly set off against the debt reduction provision. But—(now mark these words, this is the crux of the whole situation)—when the Government is receiving no contribution, and when at the same time the Railways are, through their depreciation fund, maintaining their capital assets at their full value, one must ask whether it is reasonable or even advantageous to make the attempt to raise tax revenue sufficient to meet the full provision." (Hear, hear.)

Now, that is a complete answer to the apprehensions of my Honourable friend.

**The Honourable Sir James Grigg:** I don't agree.

**Sir Cowasji Jehangir:** That may be his opinion. I know there is room for disagreement in everything, and evidently the present Finance Member does not agree with the late Finance Member. He has every right to maintain his own position. It is, however, also our duty to point out to him how the policy has changed from time to time in the Government of India, to the great detriment of the taxpayer. (Hear, hear).

**Mr. President (The Honourable Sir Abdur Rahim):** The Honourable Member's time is up.

**Sir Cowasji Jehangir:** Sir, I have shown sufficiently clearly in the short time at my disposal—I will have further opportunities of speaking on the

Budget—that there could be much greater liberality on the part of the Government of India towards the taxpayer. I congratulate my Honourable friend on the great luck he has had in being able to contribute from surplus two crores 81 lakhs for agricultural purposes. We have no complaints. He had provided one crore, and Providence made it into two crores 81 lakhs, and let us hope that India will make the best use of that 2·81 crores. Let us hope that it will operate to the advantage of the agriculturist and the masses of the people; and speaking for myself, I have no objection to being taxed, provided I am assured that the money will really go to the advantage of the masses (Hear, hear); that the middleman will not get hold of it; and if there are surpluses, by all means allocate them for the advantage of the people, but be sure that it does go to the people (Hear, hear), and that it is not pocketed by the middleman in the transit, that some of it does not slip into the pockets of others; be assured of that (Laughter): and if you can give us that assurance, I do not think there is anybody here who will object to money being allocated for such purposes. Let us know exactly what you are doing. Do not tell us that our revenues are X, and, when we find that they are X + Y, do not take the Y and allocate it for agricultural purposes. (Laughter.) Let us know beforehand exactly what we are going to pay for agricultural purposes, and for such other purposes as you like and we shall be taxed, but on condition that *we know* for what purpose we are paying and you will not take the surplus, when you get it, calling it non-recurrent, and then dole it out as you choose. (Hear, hear.) These are the conditions that I lay down, and I trust, that even in this Budget my Honourable friend will listen to our advice. We may be wrong, we are only human, but we have had some experience, and we give you the benefit of that experience. My Honourable friend, Seth Haji Abdoola Haroon, told my Honourable friend that even in his sugar import estimate for next year he may be out by fifty lakhs; and that will mean another surplus. I contend, these 78 lakhs ought not to be debited to revenue, it ought to go to capital. That will give you over a crore of rupees for further distribution this very year. Let him consider it. And I would appeal to my friend on my right, before I sit down, to cut out a figure from the budget which we believe the Finance Member can justifiably do. Do not over-estimate it and give him a handle for arguing that the Assembly is unreasonable and he must recommend the Viceroy to certify the lot. If we are convinced that he has under-estimated for so many lakhs, and if we are convinced that he has provided from revenue what he ought to have from capital, let us take that amount out of the budget to the best of our ability. Give him no argument for saying that we are unreasonable in our demands. This I would appeal to my Honourable friends to do; and I would appeal to my Honourable friend, the Finance Member, to listen to our advice on this occasion a little more than he did last year. (Hear, hear, and Applause.)

**Pandit Sri Krishna Dutta Paliwal** (Agra Division: Non-Muhammadan.

12 Noon. Rural): Sir, if I am not able to congratulate the Honourable the Finance Member, it is not because I refuse to give him his due, but because the budget presented by him compels me to abstain from doing so. As I am unable to congratulate him, I congratulate myself on having succeeded, after attempting 15 times, in getting an opportunity to take part in this debate.

[Pandit Sri Krishna Dutta Paliwal.]

Sir, in his budget speech, the Honourable the Finance Member claims that increases under certain heads of revenue point to the recovery in the economic position of India, and that they are a sure sign of progressive prosperity of the people. But, to my mind, this claim is untenable. The surplus budgets are not necessarily a true index of the people's prosperity. All students of statistics know that budgets can be manipulated to produce a surplus. Therefore, I am not prepared to be taken in by this propaganda of figures. I take my stand upon hard facts which show unmistakably that India is being ruined by her attachment to the British Empire and that the budget has been framed, not in the interest of the people of this country, but in the interest of the Britishers. A budget to be a good budget must be characterised by three P's. It must be people's, progressive, prosperity budget. But, Sir, this budget is characterised by three B's. It is bureaucracy's, bellyful, banditry budget. Sir, my attitude towards such a budget is, in accordance with the advice, which Lenin, the greatest Socialist Scientist of our age, gave to a member of the Bolshevik party in the Russian Duma. When this gentleman came to seek his advice, Lenin is reported to have told him:

"My dear chap, whatever do you want to bother yourself with amendments to budget proposals of the Cade's for? You are a worker, the Duma is for buffaloes. You just go and tell all over Russia about the life of the workers, explain the horrors of capitalist slavery, call the workers to revolution, fling in the face of the Black Duma the words 'scoundrels', 'exploiters', etc. You introduce such an amendment that in three years we are going to hang the lot of you black hundred Cadets on lamp posts. Now that will be a real amendment."

I too, Sir, want to introduce such an amendment that within three years we may have "Purna Swaraj" in India and the charming gentlemen over there on the Treasury Benches, who are in the habit of committing mistakes, paying and profitable to themselves, but at our expense, may have to leave the country bag and baggage.

**An Honourable Member:** But without baggage.

**Pandit Sri Krishna Dutta Paliwal:** Without baggage if you please. Sir, looked at from the people's point of view, what does this budget disclose? It discloses the bureaucracy in their true colours, that their much advertised show of deep concern for the interests of the people is a piece of pure propaganda. Even as a propaganda or as a show, it is such a poor and miserable show that it cannot compare favourably with the concern which the owners of the Chicago Stockyard immortalised by Upton Sinclair in his world famous novel "The Jungle" show to animals they deal in. At its best, it is on a par with the Government policy of the preservation of wild life, the only difference being that, there, they preserve the wild animals for the pleasure of hunt, and, here, they have established the peace of the bureaucracy for the profits of exploitation.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would ask the Honourable Member to speak to the budget. He ought not to indulge in remarks like these. His arguments must be relevant to the budget.

**Pandit Sri Krishna Dutta Paliwal:** Sir, I have characterised this year's budget as the bureaucracy's, bellyful, banditry budget, and I am prepared to prove to the hilt that it is so. I am using these arguments to prove it. According to a political proverb, taxation without representation is robbery, and who does not know, Sir, that the bureaucracy has been going on with its lawless robbery by collecting taxes which this House refused last year? The budget is bureaucracy's budget, because the whole show is run by them. According to another proverb, he who pays for the piper calls for the tune. But, here, we the people pay these pipers, but it is these pipers who call the tune. They levy whatever tax they like and spend those in whatever manner they choose. So far as the people are concerned, theirs is not to question how; theirs is not to reason why, but, theirs is only to pay and die.

**An Honourable Member:** And cry.

**Pandit Sri Krishna Dutta Paliwal:** Cry here, but die outside. The revenue side of the budget shows the utter disregard of the Government to the interests and the welfare of the people. On an examination of the revenue figures, we find that only 17 per cent., that is less than one-fifth, is derived from direct taxation. In the United Kingdom, they raise something like 51 per cent. from taxes on income and a further nine per cent. from taxes on inheritance, thus making a total of 60 per cent. of her total taxes from direct taxation. America raises 66½ per cent. of her taxes from incomes. Now, Sir, even a school boy knows that direct taxes are more honest and above-board, and they encourage social justice, while indirect taxes are highly regressive and they fall with excessive severity upon the poor. Besides this, Sir, the incidence of taxation is increasing. It has more than doubled during the last 20 years, while the income of the people is decreasing. I accuse the Government of having diminished the aggregate economic welfare of the people by their policy of taxation, both direct and indirect. Indirect taxes are falling very heavily upon the poor. It is unjust and it is inhuman to tax the bare necessities of life of the people, such as salt, matches, kerosene oil, etc. The policy of Government as regards direct taxes favours the foreigners at the expense of the sons of the soil. India is losing annually a revenue of about five crores, because the income of the people, who reside in India but who carry on their business outside, the income of the people who reside outside but who carry on their business here and also the income from sterling securities as well as the profits of the foreign firms carrying on their business here and the foreigners carrying on shipping business on Indian coast are not taxed. Another two crores are lost, because income-tax is not deducted from the payment sent every year from this country to Britain in the shape of pensions, home charges, etc. Thus far about the revenue side.

Coming to the expenditure side, we find that the lion's share is eaten up by the handsome salaries given to the members of the bureaucracy and the departments which are necessary to maintain them in power and to keep them in office and to make their bellyful secure. About 90 per cent. of the expenditure is incurred on debts on the military and administrative purposes. Sir, I submit, the military expenditure is out of all proportion to the needs of the country, and it is increasing by leaps and bounds. Before 1914, it was 29 crores, now it is about 50 crores. Sir, I do not know what opinion the Honourable the Finance Member has about the

[Pandit Sri Krishna Dutta Paliwal.]

ex-Premier of the British Empire, that is, Mr. Ramsay MacDonald. But his opinion is here, and I quote it for his advantage. He says:

"A large part of the army, certainly one-half, is an Imperial army which is required for other than purely Indian purposes. Its cost should be met from Imperial funds."

Sir, India is one of the poorest countries of the world, while England and America are the richest. Still the bureaucrat's bellyful, that is, the standard of pay of the all-India services is high even when judged by the standards of those countries. It is not the same multiple of the *per capita* income as in those countries. The result of this policy of expenditure is that, while people who form the teeming millions are groaning under the heavy burden of taxation and are becoming poorer and poorer day by day, a class of costly parasites, entrenched in a specially privileged position is being formed,—a state of affairs which is reflected here in the luxury and splendour visible in Connaught Place and the poverty and misery of the dwellers in the huts near by or the dwellers of the crowded dens in Old Delhi. To illustrate my point, I will take the income-tax figures of the year 1933-34. In that year, the aggregate tax collected from salaried income was four crores and 12 lakhs. Out of this, two crores and 63 lakhs were deducted at the very source from the salaries paid by Government. This means that 62 per cent. of the salaried income was dependent upon Government alone. If we take the aggregate taxable income of the country in that year to be 2,31 crores and 20 lakhs, it means that one-fourth of it was dependent upon Government. This does not include the income from salaries below the taxable minimum. As such, it excludes the salaries of all Government servants, of troops and camp followers, Indian as well as British, as well as the employees of railways, postal and education departments, clerks of the lower grades in all departments, etc. Sir, the public salary bill of our country comes up to 120 crores, if we include the civil, railway and military; and if we add to it the pensions and allowances and other things, it will come to something like 200 crores. And if we take the sum total of India's wealth at the present prices to be 1,000 crores per annum, it means that two per cent. of these Government servants take away one-fifth of the whole wealth of the country. This shows unmistakably that the services do not exist in this country for the people. On the contrary, it is the people whose very life blood is sucked to feed the services fat. Only ten per cent. of the expenditure is devoted to the nation-building departments. And, again, to quote Mr. Ramsay MacDonald, he says:

"On the whole, I think two charges can be substantiated against us; first, that our Government is extravagant, and that we have behaved meanly towards India. We spend far too much of the income of India on Imperial purposes and far too little on Indian development."

If we compare the expenditure of the other countries with the expenditure incurred in India, we will find that every word of what Mr. Ramsay MacDonald says is true. Great Britain, in the year before last, spent something like 425 crores on social services of some sort or other; America spent something like 150 crores on relief alone. After these things, is it any wonder that millions of people in this country do not know what it is to have a full meal a day? That so many people commit suicide for

their inability to find any employment? And that millions die of preventable deaths every year? Sir, I cannot be a party to such a budget. So far as I am concerned, I believe with Bernard Shaw that, if we are to avoid a terrible social explosion in this country, we must have a statesman at the helm of the destinies of the country, who may supersede the financier in the Finance Member and put him back in his proper place. Sir, in "the Political Mad-house in America and nearer Home", Mr. Shaw says that every financier is 19 per cent. a lunatic. (Laughter.) But, Sir, I think our Finance Member is 90 per cent. so (Laughter) if he thinks that his budget really shows the prosperity of the people and that it has got nothing to do with the economic welfare or any other sort of welfare of the people. That being so, I will, in conclusion, prescribe a financial remedy for the malady from which the Finance Member suffers. And my prescription is this: that a little deflation of his ego and a little inflation of the man in him will do him immense good. (Laughter.)

**Mr. G. Morgan** (Bengal: European): Mr. President, I should like, at the outset of the few remarks I shall make, to congratulate the Finance Member on his budget speech, and I hope that anything that I may have to say later on will not be taken as unduly qualifying the gratitude we feel towards the Honourable Member. Financial confidence is, as we all know, the prerequisite of all business enterprise and industrial activity and whatever points of detail there may be which are open to criticism, the broad fact remains that unless an unforeseen calamity occurs, we may enter upon another year free from the year of financial embarrassments.

Caution and prudence in public finance are virtues which yield their own rewards, and the Finance Member's second budget shows clearly that he is in no great peril of being led astray into the alluring paths of spectacular finance. Indeed, the Honourable Member himself described his budget as "dull", and a closer examination only serves to confirm the correctness of his choice of the adjective.

The revenue position is apparently better than the Honourable Member anticipated, the ways and means position is strong and justifies the pursuit of a sound monetary policy, and last but by no means least, he was able to invite us to take particular note of India's "Marvellous power of recuperation from economic troubles". Having said that, however, it is necessary for me to add that there are one of two matters to which we feel justified in drawing the attention of the House. The first point I have to make is in connection with the surpluses. My Honourable friend, Sir Cowasji Jehangir, has dealt with that point too. The Finance Member has produced for us three substantial surpluses and that fact has at any rate removed any immediate anxiety. We may have felt that our accounts might show a balance on the wrong side. It should not be forgotten, however, that in public finance a surplus can be just as unsatisfactory to the tax-payer as a deficit. The one indicates the extent to which he has been over-taxed and the other to the extent to which he is liable to be additionally taxed. If the Honourable Member can be charged with any fault at all in this connection, he can, on the figures he has given us, certainly be charged with having, I will not say grossly, but at any rate considerably, under-estimated the yield of revenue. Let me take the years which he covered in his budget speech as an example of what I mean. At the commencement of 1934-35 the then Finance Member, Sir George Schuster, estimated a surplus of Rs. 10 lakhs. A few weeks before the close

[Mr. G. Morgan.]

of that financial year, the Honourable the Finance Member, Sir James Grigg, gave us a revised estimated surplus of Rs. 327 lakhs. He now tells us that the actual surplus was nearly Rs. 500 lakhs. In the year which ends this month we observe exactly the same symptoms. The original estimated surplus of Rs. 6 lakhs has now been converted to a revised estimated surplus of Rs. 242 lakhs, and what assurance have we that the actual surplus will not be even greater? Making every allowance for the Honourable Member's caution, I do not think we are entitled to regard the position as other than an example of persistently bad estimating. Last year the Honourable Member described his surplus as a fortuitous non-recurrent circumstance. This year he offers us precisely the same explanation, and in the light of that explanation, he asks us to accept the view that these surpluses can only be used for non-recurrent purposes. We had occasion last year to invite the Finance Member to explain to us at what particular stage a non-recurring surplus which recurs regularly year after year ceases to be non-recurring. We renew that invitation today, and we hope that it would be accepted as an invitation for a reply.

Far be it from me deliberately to charge the Honourable Member with evading his responsibility for removing the emergency surcharges of 1931 by regarding his surpluses as non-recurrent, but I am bound to say that the facts now presented to us would appear to lend some justification for such a suspicion. I ask the House to take note of the fact that it is quite clear that on the evidence of these substantial surpluses now before us we should have been justified in pressing, with even more vigour than we did last year, the claims of the taxpayer for the removal of the special emergency surcharges which he has borne so patiently since 1931, and it seems equally clear that the Honourable Member's habit of under-estimating has deprived the taxpayer of that relief which he was legitimately entitled to expect. Put in another way, it means that the Finance Member, by pursuing a policy of alleged non-recurring surpluses, has maintained taxation at a level which, having regard to his own assurances of India's economic recovery, is unjustifiable.

The Honourable Member made a particular point of his inaccurate estimating in respect of the revenue from sugar, and he frankly confessed that his predictions looked like being falsified. Such a frank admission must be accepted in the same generous spirit in which it is offered, but for the sake of the sugar industry, we sincerely hope that at his third attempt the Honourable Member will be able to get a little nearer to the right figure. The present statistics, on which the Honourable Member bases his calculations, are no doubt misleading, and as he himself has said, wildly inaccurate. We are prepared to accept the explanation that wild inaccuracy has been the cause of the Honourable Member's wild guess work in this connection, and we hope that he will be able to inform us shortly that he has taken steps to stabilise the position so that in the future the market will not be subject to these upsets which are liable to cause panics.

There is one final point which I wish to make on the general structure of the budget before I sit down, and that is in connection with the method which the Honourable Member has chosen for the disposal of his surpluses. The strictly orthodox method of disposing of non-recurrent surpluses is to pay them into the sinking fund for the redemption of national debt, and we should like to know how the Honourable Member reconciles his

adherence to orthodox principles with his practice of using these sums for other purposes.

We are upon the eve of important constitutional changes and we expect to have an opportunity later on of raising the question of the Honourable Member's financial policy in relation, among other things, to these changes and we hope that the Finance Member will be able to give us some assurance that he is bearing all aspects of that important fact well in mind in framing his future policy.

**U Ba Si** (Burma: Non-European): Sir, fully realising that the cry of the Burmese Members for help and relief in this House is like the cry in the wilderness, and with an expectation that, with the separation of Burma next year, we would have the pleasure of managing our own affairs in our own country, I feel rather reluctant to take the time of the House, particularly so, as we did not receive even the courtesy of a reply last year. However, as this is going to be the last Budget Session we would be attending, we would like to make a few observations on this budget as well as on certain grievances of Buddhists in India. Talking about economic improvements, I would like to explain to you the real economic conditions of the Burmese people, of which you seem to be very ignorant. We feel that we have been neglected all along. The Government of India have been handling about 40 Central subjects and doing this work from about 2,000 miles away from Rangoon from where it takes us five days to come to Delhi.

**Several Honourable Members:** Not by air.

**U Ba Si:** Of the actual conditions in Burma, they know little or nothing. But, before I come to explain these conditions, I would like to state a few points about the budget. Of course, it is hardly necessary for me to say that we welcome the proposal of the Government of India to allot Rs. 108½ lakhs to the provinces for expenditure on schemes of rural uplift. But, in this connection, I would like to say that we are not at all satisfied with the allocation of last year. We got last year only five lakhs out of a crore, that is, exactly, five per cent., and we did not get anything like most of the other provinces in the form of subventions for special purposes. Now that the Secretary of State for India has accepted the recommendations of the Indo-Burma Finance Tribunal that, in the allocation of debts, Burma's share should be 7½ per cent., we appeal to the Government of India to be fair and equitable in the distribution of assets as well, and to allocate at least ten lakhs this year, thus making up the 2½ lakhs shortage due last year. On the eve of separation, such a gift will be most welcome. It is an irony of fate that while the provinces of Sind and Orissa receive special subventions on separation, and while Bengal is allowed to enjoy half of its export duty on jute, Burma cannot get even its legitimate and fair share in the allocation of funds for rural development, not to say of its share in the Rice Export Duty.

While welcoming the abolition of the tax on lower incomes, and the reduction in postal rates, we wish to state that Burma would have been more grateful if the half anna postcard is restored. Burma is a purely agricultural country and its villages are situated far apart. Postal communication is resorted to greatly by the villagers, and we desire to press once more the extension of more postal facilities to the Burma villages.

[U Ba Si.]

All political parties in Burma are desirous of having the half anna postcard, and thus, after separation next year, Burma will have to ask special permission of the Government of India to allow the introduction of the same at least locally in Burma if the Government of India do not find their way to introduce the half anna postcard in India proper.

We also wish to avail ourselves of this opportunity to state the desire of certain Indian employees in the postal department in Burma. We have been informed that while the postal clerks are allowed the option of voluntary retirement from service or transfer of their services to India, on the separation of Burma, the postal peons have not been allowed the same privilege. We wish to protest against this discriminatory treatment among the members of the same department in the Government of India and urge that the same facilities for transfer to India or voluntary retirement be provided to the postal peons . . .

**Mr. G. V. Bewoor** (Director-General, Posts and Telegraphs): On a point of personal explanation, Sir. The Honourable Member's information is entirely wrong. Postal clerks have not been given any facility for voluntary retirement.

**U Ba Si:** But I understand some representations have been made . . .

**Mr. G. V. Bewoor:** Representations have been received, but that is quite a different thing from saying that clerks have been given facilities for voluntary retirement.

**U Ba Si:** I accept the explanation; but, at the same time, I would like to urge on him that they should be allowed this option of retirement or transfer to India on separation of Burma. This would be beneficial both to Indians and to the Burmese people as there is a great deal of unemployment at the present day in Burma.

We would like to express our surprise also about the question of export of tea from Burma. We have been informed that Burma has been denied its legitimate share of quota for the export of tea, on the ground that the existence of green and black tea in Burma was not known in India and as the Federation of the Shan States was taken to be outside British India. In the Shan States, there are over 82,000 acres in one Taungpeng State alone. According to a book called "Production of Tea in India", Burma or rather the Shan States has been exporting on an average over seven million pounds of tea per annum to India before the enactment of the Tea Control Act. We desire to urge the Government of India to see into this matter thoroughly and help Burma to get justice at the hands of the executive authorities in India.

As this House has been used as a forum to ventilate communal grievances, we would urge the Government of India to include the Buddhists in India among the minority communities, and see that the qualified Indian Buddhists are treated for purposes of employment in the services of the Government of India, along with Muhammadans, Sikhs and Indian Christians. Buddhists in India are most unfortunate in this respect. If we compare the number of population between the Indian Buddhists and the Indian Christians in Bengal, we see that there are 1,29,000 Indian Christians, whereas the number of Indian Buddhists is 3,16,000; and, in the

distribution of seats in the Legislature, they allow two seats to Indian Christians, whereas the Buddhists in Bengal get none. In the Kashmir and Jammu States, we understand that though close scholarships are reserved for Muslims, Rajputs and Depressed Classes and Sikhs, no provision is made for the Buddhists. For the State Assembly, though two Buddhists have been nominated, they are chosen from a place called Ladakh, with the result that they cannot attend all the Sessions of the Assembly, for instance, in April, when the passes are closed; and, being not conversant with the court language of Urdu, they cannot take part in the proceedings of the State Assembly. We would, therefore, urge upon the Government of India to suggest to the Kashmir State for the nomination of Buddhists from Srinagar and other places of easy access. For Bengal, as at present arranged, no Buddhists can have any chance of representation on the legislative bodies. The Government of India should see that one or two Buddhists are returned to the Legislative Council in the same way as Indian Christians.

As I have stated, the Government of India know little or nothing about the conditions of the Burmese people. Do you know the real cause of the increase of crime in Burma? It is due to increase of poverty. Do you know, we have lost all our capital? Do you know, we have lost all our lands? We have practically become landless people in our own land. The reasons are obvious. With the annexation of Burma, the whole country was opened out to all foreign influences, without giving protection to the sons of the soil. The Burmans at that time were not ready: they were taken unawares. In all competitions they were pushed out. They found themselves nowhere in the field, economic industrial, commercial and so on. Poverty and crime naturally increased. People got demoralised and the whole fabric of society broke down, and the position of Burma being between two very big countries, between China with her four hundred millions of people and India with her three hundred millions, both trying to gain outlets for their own people, there is every danger of the whole of the Burmese nation becoming extinct if we allow the existing state of things to go unchecked.

**An Honourable Member:** What about the British?

**U Ba Si:** We leave them alone for the time being, but I am telling Honourable Members here that Indians in Burma are not like our friends here. (Laughter.) They themselves are exploiters in the country, and they form obstacles in the way of our fight for freedom. As a matter of fact, they have been playing the rôle of adopted children of the Government there. This is the position in Burma. I can very well sympathise in one way with the Government of India, because they are so overwhelmed with their multifarious problems in India that they are not able to pay adequate attention to Burma . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only one minute more.

**U Ba Si:** In conclusion, we wish to express our disappointment in that no steps have yet been taken to Burmanise the army. With the separation of Burma next year, the defence of the country will be the increasing concern of the people of Burma, and, as such, we feel that there should

[U Ba Si.]

be no undue delay to set up Burmese units in the army. For this shabby treatment meted out to Burma, the people of Burma can never forgive the Defence Department of the Government of India, particularly when it is remembered that the Burmese people had demonstrated their martial spirit in the past and Burmese forces had discharged their duties with distinction during the last World War. Sir, I have done.

**Raja Sir Vasudeva Rajah** (Madras: Landholders): Sir, I should like to offer my congratulations to the Honourable the Finance Member on his budget proposals for the year 1936-37 as well as on his lucid and interesting explanation of the dry figures of the budget. I am indulging in no conventional words when I say that he has brought in light and sunshine where darkness and gloom prevailed. When he came and took charge of the financial administration of this country, things were very discouraging, and every one took a pessimistic view of the future. Within one year of his being in office, he has been able to introduce a more hopeful and encouraging outlook. Whether one calls it luck or dexterity in handling finances, we find that India is showing signs of recuperation. Ours is the poorest country in the world, and we all know that so many live in villages and cottages where they do not know what a happy life is. Coming as I do from Malabar, where depression is at its worst, the reference of the Finance Member to India's capacity for recuperation fills me with gladness and hope.

I must congratulate him and thank him for his allotment of a substantial amount of money for rural uplift, for the benefit of cottage industries and for rural relief generally. While this Assembly voted for a similar sum last year, it had no voice in the manner in which the money was to be utilised. In regard to the contribution this year, I should like to suggest that the money should be earmarked for specific purposes which are calculated to benefit the rural agricultural population. It is often said that he who pays the piper has a right to call the tune. We, representatives of the people, from all over India, are invited to vote for the necessary money, and it seems only proper that the opinion of these representatives should be fully considered in regard to the objects for which the money is spent. Many of us, or, I may say, most of us, did not know how the money voted last year was going to be spent in the different provinces. There is no use in sitting in judgment over the fairness or unfairness of expenses already incurred, after they have once been incurred. In each province, the condition of help required may be different, and the representatives may be consulted for what purposes they ought to be spent in different parts of the country. In my province, several parts, to my personal knowledge, require, first and foremost, facilities for drinking water. Last year, in Pollachi and other places in the Coimbatore district, people had to go miles to get drinking water for their domestic purposes. Again, in several places, for example, in some parts of Malabar, village roads, that were once in existence before, have been abandoned completely and the agriculturists find it very difficult to transport their produce. Now, if ryots cannot get drinking water and if they have no village roads, you can conceive what a hard lot they have. When once the money is distributed according to the population basis, it must be earmarked for rural and agricultural development only, and, in these, local opinion of responsible people should be taken. I hope the

Finance Member will bestow some consideration on this suggestion and make it possible for the agriculturists of every district to have their share in the benefits accruing from the utilisation of these funds.

I should like to draw attention to one important feature of the budget, namely, the increase in the investments in the post office cash certificates and post office savings banks in recent years, and that in spite of a drastic reduction in the rate of interest. In his budget speech last year, the Honourable the Finance Member even referred to this fact as indicative of the popular desire to convert their dead stocks of gold into interest yielding forms of investment. On this ground, he contested the theory that the gold exported from the country was distress gold. In my opinion, this increase in the investments in the post office cash certificates and post office savings banks is an indubitable indication of the chaos that prevails in the money market today and the almost universal destruction of the private credit in India. People are unwilling to lend to private persons or even invest their money in small banks. They trust only the Government or well established banks. The latter have too much money, do not lend to ordinary people and have to refuse deposits. The result is that people put their savings in Government securities. At the same time, borrowers are not able to obtain loans. This shyness of money is due to two very important causes, (1) the fall in the prices of food grains and raw material, and (2) the feeling of insecurity that has been created in the minds of owners of land and money. As regards the first, I realise that the result is partly due to causes which are universal in their application and not peculiar to India. But one method, by which the fall in prices could be combated, is by increasing the purchasing capacity of the people and by creating a demand for goods. But, instead of this being done, I regret to find, the purchasing capacity of the masses is being reduced gradually. As regards the feeling of insecurity, I cannot acquit the Government of some share in the process which has led to this result. In my own province, there has, in recent years, been undertaken measures of legislation which have had the effect of undermining people's confidence in the security of property. The Malabar tenancy legislation began the process. It was a drastic and confiscatory piece of legislation. Recently, a measure was undertaken by Government—since vetoed by the Governor General—thanks to His Excellency—which had the effect of expropriating several classes of *inamdars* of their rights in the soil and of setting up their tenants against them. In their desire to free the country from its indebtedness, legislation has been undertaken in more than one province, including mine, or is being undertaken, by which the creditors are practically deprived of portions of the debts, while, at the same time, there is no provision for securing to the debtors their properties. Even in this Honourable House, measures are pending which are calculated to put difficulties in the way of the creditors' realising their dues, if not make it impossible for them to do so. No wonder, therefore, if creditors are unwilling to lend and seek less profitable forms of investment! In the meantime, the value of land has fallen enormously in the country. In certain parts of Madras, it has fallen by 50 or 60 per cent., and, even then, there are no purchasers. It is very necessary to arrest this fall in prices of foodstuffs, and to prevent this growing feeling of insecurity in the minds of landowners and owners of capital and money.

I would suggest that further legislation discouraging money-lenders from lending, and legislation disturbing the existing relations between

[Raja Sir Vasudeva Rajah.]

landlords and tenants be stopped. When Local Governments want to undertake such legislation, the Government of India should scrutinise their proposals with care and should use all their influence to prevent such legislation.

I gratefully acknowledge the measures which the Government of India and Local Governments are undertaking by way of providing marketing facilities and otherwise with a view to securing for producers a fair price for their products. But their purchasing capacity can be increased only by leaving a fair margin in their hands for the purpose of meeting their needs. In provinces like mine, in which the land revenue forms the major item of revenue for the Government and in which the system of periodical settlements of land revenue mostly prevails, there has been a widespread cry for some relief from the burden of taxation of land. I am aware, Sir, that land revenue is a provincial subject, but it is a reserved subject and the Central Government here have full powers to direct and control its administration by the Local Government. When the Montford Reforms were inaugurated, it was one of the intentions of the Parliament that the collection of land revenue should be systematised and brought under Statutory safeguards, and, though in the early years of the existing Constitution, some attempts were made in Madras to introduce a Land Revenue Bill, these were afterwards given up and nothing has since been done. I would request the Government of India to issue a Resolution (just like the one which Lord Curzon did many years ago) making it impossible for Government to so raise the rates of land revenue as to be an undue burden on the landowners, and, in any case, not to raise the rates without the consent of the Legislature.

Last year, some attempt was made to put an embargo on the importation of rice from foreign countries to raise the price. In spite of the imposition of an import duty of twelve annas on broken rice per maund, the import of rice from foreign countries has not become reduced. Moreover, the duty does not apply to imports of paddy or whole rice, which are duty free. It has been pointed out that from April, 1935, to January, 1936, as much as 51,803 tons of broken rice were imported into the ports of Madras from Siam and Indo-China. In addition to this, there were 12,779 tons of whole rice and 18,000 tons of paddy also imported. It seems desirable, not only as a protection for local paddy and rice, but also as a means of getting some revenue, that a small duty of twelve annas on whole rice and eight annas on paddy should be imposed. That would enable the producer to obtain a higher price for his paddy and rice, and, to that extent, increase his power of recuperation.

As a landholder, I consider the grant of 30 lakhs for agricultural research as another welcome feature of the budget. The Agricultural Departments, throughout India, have proved their value to the rural community, and it is only right that the Central Government should make its contribution to agricultural research. In other great federal countries, like America, agricultural research is very largely a federal activity. As the Lankithgow Commission so rightly observed, agricultural research does not recognise either provincial or political boundaries. Research on rice in Madras may well bring results, and indeed has brought results, of value to other provinces. The wheats bred at Pusa have been the mainstay of the United Provinces for years. The research on cotton in the Punjab

has provided Sind with a means of rapidly expanding its long staple cotton production. I recognise that this 30 lakhs does not, by any means, represent all that the Central Government are contributing to agricultural and veterinary research in India, but it is not a pie too much, and personally I should like to see this made an annual contribution.

When so much needs to be done, it is highly desirable that such money, as is available, should be spent on the most urgent objects. The Honourable the Finance Member has indicated that sugar-cane research will receive its share, and I hope that the insect pests of sugar-cane which did so much damage last year will not be forgotten. There is need for work on some of the oilseed crops and for more research on fruits. Though something is being done by Provincial Departments of Agriculture, there is scope for more research on groundnut and linseed, and so forth. In fruit cultivation, we have a direct means of improving the return to the agriculturist and simultaneously promoting the health of our urban population, and I trust that fruit research will receive due consideration when these funds are allocated. Another crop from my own Presidency, which will well repay large expenditure on research, is tobacco. We have shown that we can grow good, bright and mild cigarette tobacco in South India, and an important trade is gradually growing up. In our country, with an easily-worked soil and an ample labour supply, tobacco growing should have very bright prospects. I am glad to see that the Honourable the Finance Member has mentioned that special attention is being given to the dairying side of animal husbandry. I hope that a fair share of the funds will be allotted to research on the diseases of dairy cattle. Disease control is of outstanding importance, for it greatly limits the possibilities of enhanced production.

I am glad to inform that the local Legislature of Madras has recently enacted a law amending the Agricultural Loans Act of the province, enabling the Local Government to grant *taccavi* loans to ryots for the purpose of paying off their prior debts. This is a step in the right direction. But, unless the power thus taken is liberally used, there will be no advantage derived from the passing of a measure of legislation. The Government of India ought, if required by a Local Government, to make sufficient funds available to the Local Government for their laudable object of reducing agricultural indebtedness.

While I am grateful to the Honourable the Finance Member for reducing the surcharge on income-tax and raising the weight of letters for one anna from half a tola to one tola, I regret that he has not gone further. I had expected that he would introduce the half anna postcard. That would be welcomed by the masses of the people as a boon. Also, I do not like his increasing the postage for letters weighing more than one tola. For instance, while a letter weighing  $2\frac{1}{2}$  tolas now pays only an anna and a quarter as postage, according to the proposals of the Honourable the Finance Member, such a letter would in future have to pay two annas. The present rates are comparatively more beneficial to the poorer people. It is only we who write small letters on thick letter paper that are benefited by the weight of an anna letter raised from half a tola to one tola. The ordinary man would prefer to pay  $1\frac{1}{4}$  annas and not two annas on a petition to Government complaining of a grievance, or on a *vakalatnama* or affidavit sent by post to his vakil or similar communications. I think that the existing rates for letters weighing more than one tola should not be raised and should be retained.

[**Raja Sir Vasudeva Rajah.**]

I have got only one other suggestion to make. There has been an insistent demand from Government servants of all grades—especially of those in non-gazetted ranks—for the substitution of a system of contributory provident fund for the present system of pensions. I am aware of the Resolutions on this subject in the other House and the replies of Government Members thereon and of the replies of Government to various questions on the subject. It appears to me that the question has not received the amount of attention which its importance, and the intensity of the feeling of the officers concerned, demand. It ought to be possible for the Government to devise some scheme by which existing incumbents and future entrants would get the benefit, at their option, of a system of contributory provident fund, instead of a system of pension. In the States of Mysore and Travancore, such a system exists even today, and if it is working in those States satisfactorily, I fail to see the impossibility of introducing it in British India. Pending the introduction of such a system, I think that the Government of India should liberalise the rules regarding commutation of pensions and should enable a Government servant to commute a portion of his pension, say, one half, or, at any rate, one third, without the formality of a medical certificate, which, in my province, is not easy to obtain. The Government of India have promised to examine the question of liberalising the conditions of compassionate allowances to families of deceased Government servants and it behoves them to expedite their examination of the question.

Before concluding, I wish to take this opportunity of paying my tribute to His Excellency Lord Willingdon for all the services, which, during a period of more than fifteen years in this country.....

**Mr. S. Satyamurti:** On a point of order, Sir. How is all this relevant? Shall I be allowed to criticise him in my speech?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better not mention the Viceroy. The Viceroy is not under discussion.

**Raja Sir Vasudeva Rajah:** While I do not want to detract from the credit due to the Honourable the Finance Member for his cautious and successful handling of the finances of the country, it must be admitted that this success would have been impossible but for the share taken by His Excellency in bringing down the political thermometer, and, I am glad to find, the Honourable the Finance Member has himself frankly recognised the interconnection between the rising of the economic barometer and the falling of the political thermometer.

**Sardar Mangal Singh** (East Punjab: Sikh): Sir, I very carefully listened to the speech of my Honourable friend from Burma.  
 I want to assure him that, so far as we in India are concerned, we have full sympathy with our Burmese friends, and, if Indians in Burma are behaving like adopted children of the Government, we certainly disapprove of their conduct. We feel that our sorrows and our difficulties are common. We have to fight against the same forces to free our countries.

Coming to the budget, I would say that this is a budget of separations and subventions. We are on the eve of separation of Burma. We have separated two more provinces. I should call them two April Fool Baby provinces, because they are to be born on the 1st of April, and then there is the separation of railways. I wish that there could be one more separation, separation of India from England. I have heard speeches from commercial magnates, but I would look at this budget from the point of view of the man in the village. After the speech of the Honourable the Finance Member, we were given a bundle of books. I took those books to my place, and I began to study them. I confess that I was confused and bewildered. I was caught in the meshes of figures. Whether they were real figures or fictitious figures, I do not know. I found that he has granted some relief to the income-tax payers. He has raised the limit of income-tax from 1,000 to 2,000. He has also reduced postal rates, but I am sorry to say, that he has not given us the two pice card. We remember that once we had a one pice card. Then, there was the two pice card, and then there came the three pice card. This three pice card is, I submit, an emergency card. When he, the Finance Member, has removed the emergency salary cut, the emergency taxation and even the surcharge, why has he not gone back to the two pice card? This two pice card is generally used by the rural population for which the Government are never tired of expressing their lip sympathy. I welcome the grant to the rural population, but I would make two submissions in this respect, that this grant should be made a permanent feature of the annual budget, and my second submission is that this grant should be spent on a definite scheme. What is happening now? Our province last year got eight lakhs and 50 thousand rupees and our Provincial Government proposes to spend the sum on 13 or 14 different items. For the benefit of the Honourable the Finance Member, I would read these items. They have set apart Rs. 1,04,050 for consolidation of holdings; then, sanitary improvements 8,000; bore hole latrines 10,000; watersupply 2 lakhs 25 thousand; serum cellars 20,000; reconstruction of veterinary hospitals 12 thousand; construction of ten veterinary hospitals 60,000; broadcasting scheme 48 thousand; tanning scheme 75,000; fruit growing 62,000; well boring 50,000; cinema films and loud speakers 58,000; shop development 15,000; and one lakh is kept as a discretionary grant to be given to Deputy Commissioners whenever they require money. I do not know why this one lakh is kept. I submit that this sprinkling of money will produce no good results. Personally, I submit that the whole of the rural grant should be spent on removing illiteracy from the rural areas. Then, the Honourable the Finance Member has been congratulated for giving us a surplus budget, but I would submit that this surplus budget, this plenty and prosperity of the Government treasury, certainly is no indication of the prosperity of the people of the country. The people of the country are very poor. They are sunk in indebtedness, poverty, ignorance and so many other social evils. This Government of India would not dare to introduce social legislation, because they feel that, by introducing social legislation, they will incur the displeasure of certain section of the people. They have not the courage even to enforce the Sarda Act, because this irresponsible Government feel that it is weak, and I would submit that, so long as this irresponsible Government lasts, no lasting benefit can accrue to the people. Take the case of the poor people. The Finance Member wants to improve their lot by giving them one crore or two crores every year. What is their condition after

[Sardar Mangal Singh.]

more than a century of British rule? They are certainly more poor, their health is bad, their average life is shorter, they are more ignorant and they pay more taxes. I am reminded of a short story. There was an old woman who had a stepson. That woman would not give that child anything to eat, and that child died of starvation. When the neighbours came to express sympathy with her, before they came, she put some butter in the mouth of the child and began to cry: "Here is my son. He has died while he was eating butter." Similar is the condition of this bureaucracy. They have exploited the peasantry of this country. They have exacted every pie. They have bled them white. Now, when they have died of starvation, they are putting butter of one crore or two crores into their mouth. Now, how are Government expressing sympathy with the rural population? Last year, we passed a Resolution that the policy of taxation in this country should be reviewed in order to lighten the burden of the people. To that Resolution, there was an amendment moved that the policy should be reviewed with a view to assessing land revenue on the basis of income-tax. I was responsible for that amendment. The Government appointed a committee to review the taxation policy, but they deliberately excluded the question of the revision of the land revenue policy. Sir, this is not the first occasion when the Government of India have done that. Several years ago, they appointed a Taxation Committee and they deliberately excluded any reference to the land revenue assessment. Sometime after that, they appointed an Agricultural Commission over which the Viceroy-designate presided, and in that Commission also they deliberately excluded any reference to the land revenue policy of the Government. Why is this Department being treated as a secluded and an excluded Department? Why don't you come forward and place all your cards on the table? You are taxing the poor people in a wrong and oppressive manner.....

**The Honourable Sir James Grigg:** That is a provincial subject.

**Sardar Mangal Singh:** But you are responsible for superintendence, direction and control in a reserved subject.

**The Honourable Sir James Grigg:** No.

**Sardar Mangal Singh:** What about Centrally Administered Areas? Here you see splendid buildings all around you, and you are rolling in wealth; but go a few miles away from Delhi *incognito* . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair.

**Sardar Mangal Singh:** Sir, my Honourable friend interrupted me and I was only replying to him. I was referring to the land revenue policy and the Government of India. They appoint committees, but they do not consider the extremely deplorable condition of the poor peasantry. Sir, the Government are taxing the poorest peasant. His income may be two hundred rupees a year, his budget may be a deficit budget, but still the Government of India are taxing his slender resources, and this I think, is nowhere to be found in any part of the world. (Hear, hear.) What have the Government of India done to reduce the indebtedness of the poor peasantry?

**An Honourable Member:** Nothing.

**Sardar Mangal Singh:** We have to pay more than 800 crores. In my province, about five or six years ago, the debt of the peasants was about 135 crores, when the Banking Enquiry Committee made that inquiry. Now, that debt has piled up to 200 crores: and the peasants of the Punjab alone pay more than 25 crores as interest. I ask the Government of India—what are they doing to remove the indebtedness of the poor peasantry?

**Mr. President** (The Honourable Sir Abdur Rahim): That is not really relevant to this budget.

**An Honourable Member:** They can make some provision for it.

**Sardar Mangal Singh:** I am referring to the Centrally Administered Areas. (Laughter.) I would invite the attention of the Honourable the Finance Member to the very fine report recently issued by the Bhavnagar State. They have liquidated all the debt of the peasants!

**The Honourable Sir James Grigg:** At the expense of British India!

**Mr. S. Satyamurti:** And you were a party to that!

**Sardar Mangal Singh:** Why don't you introduce that scheme here?

**The Honourable Sir James Grigg:** At whose expense?

**Sardar Mangal Singh:** I submit, Sir, that the Government of India should take active steps . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has five minutes more. He may resume his speech after lunch.

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. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**Sardar Mangal Singh:** Before we adjourned for lunch, I was talking about the deplorable economic condition of the rural masses and of the failure of the Government of India to do anything to improve their lot. The rural grants, which have now become a regular annual feature of the budget, would hardly touch the fringe of this vast problem. I submit, Sir, that unless the whole machinery of the administration is completely overhauled, no improvement could be expected. I would urge the Government of India to take immediate steps to reduce land revenue, to liquidate their debt and to increase the price of agricultural products. Other Governments all over the world have done that. Japan has done that: even England did it, if by no other method, at least by depreciating

[Sardar Mangal Singh.]

their currency. Why can't the Government of India depreciate the currency of the country and increase the price of agricultural products? Recently a suggestion has been made, from a very responsible and high quarter, that the rupee should not be linked to the sterling and that the exchange ratio should be lowered to one shilling in the rupee. If you do that, you would increase the price of agricultural products and this improve the financial position. Your broadcast messages would not bring relief to hungry stomachs. They want bread, but you are giving them your songs. I do submit—of course I do not mean that the officials of the Government of India are in any way concerned with this matter—that high placed personages, Directors of companies have derived benefit by sending their implements, their radio sets, and so on, to this country. It is more for their benefit that these implements are imported from abroad. (Hear, hear.) I know that the Agricultural Department and the Radio Department are acting more or less as the agents of those companies in pushing forward their products, and it is not with a view to improving the condition of the agricultural masses that they are introducing these measures. I, therefore, urge that the Honourable the Finance Member should reconsider his proposals and introduce more effective methods to improve the condition of the masses.

Another point which I should urge most strongly for the consideration of the Government of India is that they should issue instructions to Provincial Governments to frame uniform rules regarding restrictions upon the length of *kirpans*. Recently, there has been a great agitation among the Sikhs about the ban on the length of the *kirpans*. When I tabled a question in this Assembly and asked the Government of India whether they approved of this, they said, "Yes, they did".

**An Honourable Member:** Does it cost any money to the Government?

**Sardar Mangal Singh:** Yes, some money was spent by the Government. There was the Civil Disobedience Movement and Government arrested about 800 people and they were taken to jail. Magistrates and police were engaged in conducting the cases against the arrested Sikhs and so it cost some money to the taxpayers. I submit, Sir, it is the first time in the British Raj that such a ban on *kirpan* has been imposed. Not even during the martial law days in our province, when serious riots took place, did the Government think it proper to impose a ban on *kirpans*. This time the Government came forward with a strange plea that the District Magistrate has the right to disarm people. I submit that, under section 144, the District Magistrate had only the right to regulate the conduct of the people; he had no right, whatsoever, to usurp the functions and the rights of the Legislature and thus take away the rights of the people which have been conferred upon them by the Government.

With these remarks, I would urge upon the Government to issue instructions to Local Governments not to impose any restrictions upon the length of the *kirpan*.

**Mr. C. N. Muthuranga Mudaliar** (South Arcot *eam* Chingleput: Non-Muhammadian Rural): Sir, unlike previous years, we are this year in the

happy position of having to budget for a large surplus. Sir, once in 1921, Sir Malcolm Hailey, the then Finance Member, remarked:

"Let me tell the House that I have, in my department, men who, if I would allow them to do so, would be capable of putting up a budget which would easily defeat the scrutiny and defy criticisms of the House. They could conceal among the innumerable items which go to make up one budget, a liberal provision of reserves that the House would never detect and which would relieve one, of the embarrassing necessity of having subsequently to produce demands for supplementary grants."

Sir, true to the traditions set out by one of the former Finance Members, we have been seeing that the Finance Department has been consistently and successively under-estimating the yield of taxation measures which the Government introduced, and now we find that we have a large surplus in hand. A great writer has said that a Government should be judged as to its benevolence and devotion to its subjects by the way in which taxes are imposed and how the income derived from those taxes is spent. Judged by this canon, I am sorry to say that the Government deserve nothing but censure on its conduct. I will give you, Sir, a few of the extravagant ways in which the finances of the country are spent.

The Army expenditure comes first and foremost. At the risk of repeating my Honourable friend, Mr. Paliwal, let me state what exactly Mr. Ramsay Macdonald, in those days while he was still a Labourite, used to say:

"That a large part of the Army in India, certainly half, is an Imperial army which England requires for other than purely Indian purposes, and its cost should, therefore, be met from Imperial and not Indian funds."

It seems to me, Sir, that purely with a view to relieve unemployment in England, all the British soldiers are kept in India. The former Commander-in-Chief once admitted in the Council of State that Indian sepoys made efficient fighting forces under English commanders. Well, Sir, here is an easy way to retrench expenditure. All the British soldiers can be easily replaced by Indian sepoys under English commanders and this will incidentally relieve some portion of the unemployment that is now so rampant in this country. Besides, an English soldier costs four times more than an Indian sepoy. Another way of reducing the expenditure in the army budget is to dispense with the services of soldier clerks who are at present employed in the Army Headquarters at Simla. Sir, I do not see any reason why the Government should entertain British soldier clerks at such high rates of pay; indeed their salaries are too high for the services rendered by them.

The next item of reduction in the army expenditure is the Medical Branch. The amount spent on army medical hospitals is out of all proportion to the needs of the situation, and I venture to think, here is a fruitful source of economy. The Indian Medical Service might be Indianised and even the European nurses might be replaced by Indian or Anglo-Indian nurses.

Coming to the civil side of the budget, there has been a huge waste of expenditure, and let me give a few such items. The annual exodus to Simla of almost the entire Secretariat is the most criminal waste of the taxpayers' money. Huge palatial buildings have been erected in Delhi and they are allowed to remain deserted for more than half the year. At

[Mr. C. N. Muthuranga Mudaliar.]

this rate, I am afraid, the buildings might get into disrepair after a few years. A major portion of all the Provincial Governments and almost all the European businessmen stay in the plains during summer, and there has been no complaint from them of lack of efficiency on the part of their staff. Why should the Government of India desert Delhi for a major portion of the year? I also learn, Sir, that in Simla there are not enough Government buildings, and, therefore, some of the offices are located in private bungalows on payment of high rents. All this waste could be avoided if New Delhi is made the permanent headquarters of the Government of India.

Another direction in which economy could be effected is to give effect completely to the recommendations of the General Purposes Retrenchment Committee of which the Honourable Sir Abdur Rahim was the Chairman, and made some valuable recommendations in 1931. New scales of pay have not yet been introduced for the steel frame service of the Indian Civil Service and the Indian Police Service. The cause of reduction of salaries for other services is well-known, that is, the remarkable fall in prices of all commodities. The Government have been repeatedly promising to consider the introduction of new scales of pay for the I. C. S. and the I. P. S., but I gather from the latest answer which the Home Member gave, in reply to a question, that the Secretary of State has now the subject of revision of scales of pay for the I. C. S. under his consideration. I have grave doubts if any thing will be done in this direction. Poor India will be saddled as before with the payment of huge rates of pay to the Indian Civil Service with not even the added burden of the Lee concessions being removed. I, therefore, insist that the salaries of the Indian Civil Service and the Indian Police Service should be immediately revised.

The next direction in which retrenchment could be effected is to Indianise the Medical Service. We have got very efficient medical practitioners in India, and there is no necessity to import highly paid Indian Medical Service officers from abroad. The old bogey that Europeans would not like to be treated by Indian medical practitioners has been exploded. In Madras, I know of many Europeans, both ladies and gentlemen, who consult Dr. Guruswami Mudaliar, and the late-lamented Dr. Rangachari had a very large European clientele. Even in this Honourable House, we have got my Honourable friend, Dr. Rajan, who is consulted by Europeans and Indians alike.

I will now say a word about the Posts and Telegraphs. I shall advert to the question of reduction of postal rates when my amendment comes up for discussion. It has always been accepted that the Posts and Telegraphs Department should be run on commercial lines and we have to see whether both sides of the Department are each self-contained or whether the Telegraphs Department is being pampered at the expense of the Postal Department. On the telegraphs side the salaries of employees are much higher than on the postal side.

Now, I wish to draw the attention of Government to the taxation policy of the Government. The Government of India have antagonised almost all the foreign countries on account of the Ottawa Agreement which gives preferential treatment to England. All other countries are imposing a ban on the export of Indian goods to those countries with the result that India is losing her market on the Continent.

What are the steps taken by Government in developing the nascent industries in India? Because of the heavy excise duties, expansion of sugar and matches industries are hampered. I would appeal to the Honourable the Finance Member to take steps to revive the cottage industry of matches. There are several heads of taxation which tell adversely on the progress of the country. Relief to the taxpayer is necessary in several directions, for instance, reduction on post cards, reduction, if not the total abolition, of salt duty, reduction of railway freight on agricultural and industrial products, etc. After all, it is from the proceeds of these various direct taxes which operate harshly on the poor people that Government derive the bulk of their revenue for their expenditure. Why should the masses pay for the extravagance of the bureaucracy? If we go through the budget volume, we find that various new offices are going to be created. I submit that Government, instead of conserving the resources of the country, are allowing them to be dissipated in creating new posts and paying huge salaries to the staff. Many departments of Government, which had their small beginnings years ago, have increased enormously in size. I may instance the case of the Assembly Department or the Department of Education, Health and Lands. And new officers are being created carrying huge salaries with the incidental overseas allowances, etc., which one of non-Asiatic domicile is allowed to get by the Lee concessions. Recently, two Europeans were brought from England, one as Marketing Officer and another for broadcasting; they were being paid in England only an equivalent of Rs. 700 or Rs. 800. But they are paid here Rs. 2,500 and Rs. 2,000, besides their special allowances. The Imperial Council of Agricultural Research was an attached office to the Education Department till three years ago. It is now a separate department. And yet, there is a separate branch for Agriculture in the Education, Health and Lands Department. Why should it not be under a single department? What are the functions of the Agricultural Research Department besides distributing grants to various institutions and societies? Agriculture being a transferred subject in the provinces could not all the work of this Department be handed over to the provinces themselves? And what is the function of the Agriculture Branch attached to the Education Department? The Foreign and Political Department is another illustration of the top-heavy administration. The Agricultural Research Department had recently attached to it the Marketing Department. This was started with a view to finding markets for agricultural products and a foreign Marketing Officer was imported to carry on that Department. What has it done so far? What is it going to do in the future? As the Commerce Member said in his railway budget speech, every country is striving after self-sufficiency except, of course, India, which is being ruled for the benefit of the Empire. Besides the expansion of these Departments, the offices of Assistant Secretaries, Deputy Secretaries and Superintendents are being doubled and trebled. With the advent of the Federal Constitution, I do not know what proportions these Departments will assume. Besides, with the introduction of Provincial Autonomy, under the new Constitution, the resources of the Central Government will be needed to pay subventions to the deficit provinces, and the Federal Government will have to part with a substantial portion of the income-tax revenue to the provinces. So it is up to Government to reduce expenditure instead of allowing it to mount up year after year.

[Mr. C. N. Muthuranga Mudaliar.]

Then, Sir, take the case of gold. Governments are very indifferent to the weekly drain of distress gold from this country. The Honourable the Finance Member said that gold is a commodity. Even assuming his argument to be correct, why not then impose a duty on gold just as he levies an export duty on rice? I suggest that a prohibitive export duty should be placed on gold, so that the little further gold that might be left in India might still remain here.

Now, I come to the industry which is the backbone of this country, namely, agriculture. It is well-known that the agriculturists are not able to get any profit out of the lands on account of the dumping of rice and paddy from abroad. The agriculturists find it difficult even to meet the payment of land revenue and they are obliged to part with their gold and silver ornaments to meet Government demands for *kist* or they borrow for this purpose. So far as rice is concerned, speaking for my province of Madras, the agriculturists have been ruined by the import of large quantities of paddy and rice from Siam and Indo-China. The import duty which the Government have levied on broken rice is very insufficient, and by various ways this duty is evaded by mixing broken rice with whole rice. As matters stand at present, an import duty on broken rice is not of much consequence to us. It may benefit Burman broken rice importers. But an import duty on rice and paddy alone is of value to South Indian agriculturists.

Now, about the salt duty. It has been repeatedly urged in this House that the ideal which Government should aim at is a free distribution of salt to the masses. If this is not feasible, only a nominal duty of one or two annas per maund should be put on salt. At present Government are making large profits on the salt monopoly. Sir, salt is needed not only for human consumption but also for cattle and plants.

In conclusion, I will say that the distribution of the surplus should have been utilised towards reduction of taxes; instead of that the Government propose to spend huge sums on broadcasting, aviation, etc., which will only go to help the British manufacturers of machinery because contracts for the supply of materials will be placed with British firms. The starving masses do not get a pie out of the surplus in the shape of reduction of land revenue.

Sir, I have done.

**Mr. B. Das:** Sir, the short time at my disposal I will not devote to the budgetary position, as that will take a longer time than is now allowed to me. When I take part in the debate on the Finance Bill, I shall go into the financial problems, the over-budgeting or the under-estimating of the Honourable the Finance Member's budget. Elsewhere I have expressed the view that the budget is a lucky budget. I know that the Honourable the Finance Member is lucky. Whether India is lucky or the taxpayers are lucky, I shall discuss when I speak on the Finance Bill.

**The Honourable Sir Wripendra Sircar** (Leader of the House): Orissa is very lucky.

**Mr. B. Das:** Not so lucky; that is what I am going to say. When I picture to myself the relations of the Government of India with the Provincial Governments, I picture to myself that the Government of India live as an Indian Nawab and Maharaja combined with the character of King Charles II, Louis the XIV and Louis the XV. If you combine all these characters, you will picture the Government of India with all the extravagance and luxury attached to them. The Government of India have Departments—pampered Departments. I will take an instance of the Foreign and Political Department, which is something like Madame de Pompadour. When Madame de Pompadour claimed that there should be snow in Paris in a summer, the poor King had to sprinkle fine salt all over the Paris streets at enormous cost—though there was a famine in France then and she went over riding with King Louis on the snowy roads. Similarly, the Foreign and Political Department wants seven crores of rupees for that small little place called Baluchistan for the building of Quetta, and Madame de Pompadour ordains it and the seven crores must be given! The Finance Member told us the other day that a crore of rupees had already been provided this year for Quetta.

I now come to my Honourable friend, the Army Secretary. One of the pampered mistresses, Madame de Montenon had whatever she demanded, and the Army Department heartlessly announces that they must have more money to spend. Then, we had the pulling from my Honourable friend from Ajmer-Merwara who said that the Government of Ajmer-Merwara has not got what it ought to get. Ajmer-Merwara is a Centrally Administered Area and gets a grants-in-aid of nearly Rs. 14 lakhs, that is, Rs. 8-2-0 *per capita*, if we include pensionary charges, interest on debt, and so forth. If Ajmer-Merwara does not get what probably Madame de Pompadour gave to Baluchistan, it is because it does not happen to be a hot favourite of the Madame.

Why is it that the provinces are treated as the discarded wives of the Government of India? I have calculated the provincial incomes and the corresponding amounts that the provinces spend on their nation-building departments, that is education, medical relief, public health, agriculture and industry:

Province.	Per capita income in 1935-36.	Amount spent on nation-building departments.
	Rs. a. p.	Rs. a. p.
Bombay and Sind . . . . .	6 11 0	1 4 8
Punjab . . . . .	4 7 8	1 3 2
Madras . . . . .	3 8 3	0 15 0
Central Provinces and Berar . . . . .	3 1 7	0 9 0
Assam . . . . .	3 1 7	0 11 2
United Provinces . . . . .	2 7 10	0 9 8
Bengal . . . . .	2 5 4	0 6 5
Bihar and Orissa . . . . .	1 7 2	0 6 8

[Mr. B. Das.]

The North-West Frontier Province, another favourite of both Madame de Montenon and Madame de Pompadour, gets a *per capita* subvention of Rs. 4, has an income of Rs. 8-0-6 and spends Rs. 1-5-7 on nation-building departments. So the discarded wives—the provinces get nothing for their bread! From Re. 0-6-3 in Bihar and Orissa, the expenditure attains the maximum of Rs. 1-5-7 *per capita* in the North-West Frontier Province. The rest is spent on retinues and other paraphernalias. But, yet, the Honourable the Finance Member, backed by the Army Secretary and the Foreign Secretary, can go and spend on such things as Quetta Military Zone, seven crores of rupees from revenue. Sir, I am confining myself to the discussion between the Centre and the provinces, because although this subject does not, for the moment, come in the purview of finance—Sir Otto Niemeyer's committee is enquiring into it—I would like the Finance Member to know the injustice that has been done to the provinces and, through him, Sir Otto Niemeyer must know.

Now, I shall speak a little about Orissa as my allotted time is passing away. The Finance Member is going to give this province 50 lakhs of rupees as subvention and Rs. 27½ lakhs for buildings. Somebody called Orissa a baby province. The baby is beginning to cry and it will soon grow strong . . .

**The Honourable Sir James Grigg:** The stronger it grows, the harder it will cry.

**Mr. B. Das:** Orissa will be a province, but treated as a discarded wife and not a favourite mistress. The Honourable Member has given Rs. 27½ lakhs for buildings. Unfortunately, Madras is keeping from Orissa districts which would have formed excellent sites for district headquarters, and Orissa will have to build one district headquarters at Koraput and two sub-divisional headquarters, so that the grant for buildings should now be revised.

The Order in Council which has been issued shows that Orissa is to get no share of the provincial balances from Madras and Bihar. It is pointed out that these are to be adjusted towards pensionary charges. The other day, I was telling a friend that Bihar and Madras had sent me, with a piece of cloth on my back, to the street, and the Government of India had cut me off with the proverbial shilling, so that I had to fend for myself in Orissa. The time has come, if autonomy is to be a reality and not a proverbial joke, that every province should have a minimum sum of money for spending on nation-building departments. Let it be one rupee or Rs. 1-4-0 as in Bombay, but let there be a minimum sum of money for the nation-building departments. May I ask why the North-West Frontier Province should get Rs. 4 *per capita* subvention—of course it spends only Rs. 1-5-7 *per capita* on nation-building work—and why Bihar and Orissa should be condemned to 0-6-3 or Bengal to 0-8-5? I know, Sir, that Sir Otto Niemeyer is inquiring into these matters, but I am raising my voice of protest, so that he should know and the Government of India should know what our views are. Equity and justice demand that there should be a minimum expenditure for nation-building work and development of the provinces, and not on the paraphernalia of Governors and Ministers—which does not benefit the people at all. Today, too much is spent on the retinues of these discarded wives though they starve all the while. There should be a minimum basic expenditure which

will bring the people a certain amount of development and economic expansion and improve their public health and sanitary conditions and general economic conditions. I would suggest that one rupee *per capita* on that account should be the minimum. Why should not the Frontier Province have a little smaller subvention? Or even Sind which is getting a very large subvention? Seth Abdoola Haroon and Sir Ghulam Hussain Hidayatallah—and if my old friend, Mr. Lalchand Navalrai, participates in the debates he would endorse it—said that the province was saddled with a white elephant, the Sukkur Barrage. But I see a golden throne is being carried on that white elephant; and when that golden throne distributes sovereigns, as a result of the successful working of the barrage, Sind will be a prosperous province. But what about Orissa? Orissa has not borrowed a loan of a single rupee from the Government of India on any capital programme. If Orissa is condemned to the standard of Rs. 43 lakhs of subvention given for this year, then Orissa will ever remain poor. It cannot float a loan in the public market, because prosperous provinces will get money at 3 and  $3\frac{1}{2}$  per cent. interest, while Orissa will have no such credit as to borrow at that low rate. That means that, instead of having autonomy, Orissa will have to come to the Honourable the Finance Member to borrow money from him or through the Central Government's loan if we want to spend money on capital programmes in Orissa. That sort of thing ought not to be allowed to happen.

**Mr. M. S. Aney** (Berar Representative): Why should you borrow?

**Mr. B. Das:** Orissa must borrow to develop her economic resources.

3 P.M.

We have seen that when a great national calamity occurred, the Government of India gave to Bihar Rs. 2 crores: they are giving to Quetta—the Viceroy's Fund has gone up to more than 60 lakhs—another 47 lakhs for this year: they may give more to help the people there. Orissa is afflicted by floods, by famine always, and it is due to the canals, which, as was described the other day, were constructed for making a navigable system by a British firm in the seventies of the last century, but afterwards abandoned, put the legacy—that these floods occur periodically. That canal scheme was abandoned, but these canals are a permanent burden upon Orissa, and the effect of these canals has been that the beds of rivers have gone up and the surrounding land is perpetually marshy and always affected by floods. Why should not the Government of India give 50 lakhs of rupees to Orissa to do away with, and eradicate the causes of, these floods? Perhaps it might be said that the Bihar Government never pleaded for this. But, for the last seven years, I have been working and fighting here and outside in London—and I am grateful to my friends, Sir Nripendra Sircar, who was not Law Member then, Sir Muhammad Zafrullah Khan, Mr. Joshi and Sir Cowasji Jehangir, for the help they gave me in London and elsewhere to bring forth this province of Orissa and, in justice and equity, those causes which are making Orissa perpetually economically poor must be redressed at the outset. Why should Bihar or Baluchistan get so much money in lump sum grants? I wish them all luck; but, I think, before the autonomous provinces start, Orissa must enjoy equal status in economic development, at least with Assam, Bihar, Central Provinces, and not equal status only in the power of spending money over large non-productive expenditure which the Government will spend and over which the people will have no command . . . .

**The Honourable Sir James Grigg:** Equal status in taxing too.

**Mr. B. Das:** The Honourable the Finance Member is a big financier. If, after seeing the very low economic vitality of the people, he says that the people can be taxed, I will agree with him, as occasionally in financial matters I agree with him. But that he cannot say. If Sir James Grigg, not the Finance Member, but the *man* will say that this economic low vitality of the people of Orissa justifies further taxation, as in Bengal or Bombay, I will agree with him: but that he will never say . . .

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): What about the recuperative power of those provinces?

**Mr. B. Das:** That is what I am saying. Those provinces with their resources and standing can easily recuperate. But what I want is only this lump sum grant of Rs. 50 lakhs now, so that the causes of these floods will be eradicated and then the recuperative power of the people will grow, and then the Provincial Government may tax them: I will not object: if I am there, I will support them: if I am here, I will bless them . . . .

**Mr. N. V. Gadgil:** If you are not in this world?

**Mr. B. Das:** I will still bless them from Heaven.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

**Mr. B. Das:** I will say only one word more. I am grateful to my Honourable friend, U Ba Si, for having raised the question of Buddhists in India and for having reminded the Government of India, at the time of the separation of Burma, that the interests of Buddhists ought not to be neglected in India and that the Buddhist shrines at Bodh Gaya and other places should be maintained in Buddhist interests. I am in accord with his views, and I do hope that the Government of India will look after the interests of the Buddhists in India and the Buddhist holy places in India.

**Mr. Sham Lal** (Ambala Division: Non-Muhammadan): Sir, I had no mind to take any part in this debate, because, I am afraid, I might be held guilty under the Official Secrets Act. This time I am not going to touch the secret doings of this bureaucracy. I will only lay before the House their open doings, what they are doing openly, not the sealed book, but the open book. I read the budget; so far as the figures are concerned, I think they are really confusing; but I wanted one thing, because I know that, so far as the money is concerned, this Government of India is a subordinate Government. We can neither congratulate the Finance Member nor condemn him. He is part of the machinery which has been thrust upon India to grind it down and he is not to blame. He has discretion with regard to a few crores of rupees. You may blame him or you may congratulate him; but I wanted to find something, if only one item, of goodwill and conciliation and the spirit of service; and we find that that is wanting. The railway budget was

a deficit budget, but there was that spirit of goodwill and conciliatory attitude about it. What is the spirit here? If you condemn the attitude of an English officer towards Indian officers, the reply is: "These charges are unfounded; you had access to the secret documents. These subordinates cannot invoke political assistance." All these pleas are inconsistent. If the charges are unfounded, if we are inventing these charges, where is the need for us to go to official documents and where is the question of any subordinate seeking political assistance? You say, the Members are inventing these charges themselves: then why should those poor officers come to us at all?.....

**The Honourable Sir Nripendra Sircar:** May I rise to a point of order and ask if all this is relevant?

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair does not think that all this is really relevant on the budget discussion.

**Mr. Sham Lal:** I bow to your ruling, Mr. Deputy President. What I find is that the spirit of service is wanting. There is no spirit of service behind the entire rural uplift movement. I shall explain to the House why lands were being acquired near about Delhi; in fact, lands were acquired in the vicinity of Delhi to such an extent that we wondered what Government was proposing to do with land when it was not necessary to have so much of land, but, after visiting those villages, we have come to know the reason of acquiring so much land, because the bureaucracy or the Government of India knew that Delhi was going to be the seat of the new Government of India, and so they wanted to acquire all the lands they could lay their hands on near about Delhi, to construct huge palatial costly buildings and bungalows for the use of officers who are all already very highly paid. But, if Honourable Members desire to know the real state of the administration, I would only request them to please go to a distance of just 18 miles from Delhi and pay a visit to Tughlakabad. They will then see how the Government are utilising this rural uplift grant. If may be all right for some Government Members to pay a flying visit to Rohtak and get themselves photographed with a cow on one side and a farmer with a plough in his hand on the other side and get the photograph printed in the *Illustrated Weekly* in order to show to the public outside the deep interest these Members of Government are taking in rural reconstruction affairs. Sir, I submit that this grant of one crore is utilised more for staging the *tamasha* of rural reconstruction than for the real good of the people, and all this is done to show to the world at large that Government are really interested in the village uplift movement. But what is it that is actually being done? I have a book with me called "A Peep into the Rural Area of Delhi Province", and a perusal of it will show what is being done by the administration. In the time of Muhammad of Ghazni, who was considered to be a very cruel monarch, and about whom there are so many stories told, it is stated, there was a woman who lived very far from the capital and who could not get justice from the monarch. So she told the monarch: "If you cannot do justice to me because I happen to live far away from your seat, what is the use of taking upon yourself the administration?" And the monarch was very much impressed by this. Now, as I was saying, if you read this book called "A Peep into the Rural Area of Delhi Province", you will see what amount of poverty exists

[Mr. Sham Lal.]

in the villages which are only about 13 or 14 miles from Delhi. What is the condition there? Poor people are dying on account of scarcity of water and food. And yet what is the Government doing there? This is what is stated in this book:

"Wells sunk on private lands by private enterprise irrigate vast areas of agricultural lands. All such wells are taxed varying from Rs. 2 to Rs. 40 per year. This taxation is perhaps unparalleled in the history of revenue taxation in the world."

Now, if there is no canal water in these villages, there can be no irrigation, and so, if a private person sinks a well in his own land for irrigating his own lands, at once a tax is imposed on him varying from Rs. 2 to Rs. 40 per year! You cannot irrigate your land, you cannot sink a well in your own land, with the result that these people get no water for drinking purposes, nor for irrigation purposes, and, therefore, small wonder that the poor people are living a miserable existence in these villages. I request Honourable Members to please pay a visit to some of these villages which are not far from Delhi and see things for themselves. Again, it is stated here:

"A *Genda Nala* passes through Masjid Moth, Zamaruddpur, Rajpur Khurd, etc., and is a positive torment to a number of other surrounding villages in consequence of which death rate specially among children is abnormally high and the birth rate low. We were told that no birth has been recorded in village Zamaruddpur during the last three years."

That means that no children were born during the last three years, and if they were born at all, they died at once. And yet, you find it here is provision made for medical relief! My point is this, that rural uplift movement or the rural reconstruction scheme, whatever you may call it, is a *tamasha* that is being staged, while actually nothing is being done. This one crore which has been set apart for the uplift movement will go into the pockets of the middlemen. You may go to any village and ask the people if the Government have done anything at all for them after this one crore was sanctioned, and you will surely get a categorical reply "No". This one crore will go to the *zaildars* and *sufaidposhes*, and not to ameliorate the condition of the people. The spirit of service, as I said at the beginning, is not there. How can the officials be expected to interest themselves in the uplift movement when they themselves need lifting up? How can you expect a man getting Rs. 6,000 or Rs. 7,000 a month in India to do uplift work? And can it be believed that an Honourable Member of Government who wants to take 40 maunds of ice with him while going from Delhi to Bombay would be able to do any good for the masses of India who live mostly in villages? Once, Mahatma Gandhi was told by friends: "Mahatmaji, your life is very valuable, your life should be preserved, and, therefore, it is not in your interest, but in the interest of your life and in the interest of the country, that you should travel second class, so that you may live longer." But what did he say? He said that he stood for a principle, and the very day efforts are made to save him at the sacrifice of his principle, he would become useless. But can such a thing be expected of Members of Government drawing Rs. 6,000 or Rs. 7,000 a month, Members who treat this House with contempt who, having been rejected in their own province, dance here like peacocks and call the elected

[Mr. Sham Lal.]

representatives of the people as unknown mufasil lawyers? I say, Sir, these highly paid Government Members, drawing Rs. 6,000 or Rs. 7,000 a month, can never think of the masses; they can only think in terms of exploitation, and so long as the spirit of exploitation, the spirit of domination is there, no appreciable good can be done to the people. Sir, we are not only losing money here, but even the great traditions of Englishmen like Hailey and Muddiman, as was pointed out by Sir Cowasji Jehagnir the other day, are not observed by the Government Benches. Of course, Hailey and Muddiman were hard upon India, but they were courteous enough to non-official Members; but, here, we not only lose money, but get discourtesy and we are treated with contempt; everybody is found guilty on this side, everybody is told that he is making false allegations, he is making untrue statements, Government are engaging an army of informers and are blaming us for disclosing official secrets. Sir, the Finance Member may get showers of congratulations from that side of the House, but he cannot get anything but condemnation from this side of the House. ("Hear, hear", from the Opposition Benches.) Sir, this budget needs the strongest condemnation, I mean the policy underlying this budget must be deprecated in the strongest terms. This budget discloses nothing but a spirit of exploitation and domination. By this budget the Government of India are not only robbing the people of India, but they advance arguments in favour of their actions. That is their great sin. If the Government say: "We are conquerors, we have conquered India, we want to take away so much money", well and good, they can very well say that, but they go further and say: "We rob India in the interest of India, we give you one crore for the benefit of Indian masses", whereas this one crore does not touch the masses at all. There is clearly a manipulation of figures. There are new provinces asking for subventions, some people asking for removal of surcharges, and so on. This is all useless talk. Last time, even the European Members, the whole House appealed to the Finance Member that the postal rates should be reduced. But it is a sealed book. This is all a *tamasha*; a *tamasha* is being staged here. Nothing is going to be reduced, and it is all irrelevant and useless talk. Therefore, I submit that this budget does not require any consideration at all.

**Major Nawab Ahmad Nawaz Khan** (Nominated Non-Official): Sir, I warmly congratulate the Honourable the Finance Member for giving us a surplus budget for the introduction of the new reforms. The financial position of India is very much better. If we calmly and honestly, without any bias or prejudice, look into this question, we will find that the Honourable Sir James Grigg is a great friend of India. (Interruption.) He has maintained the credit of India by giving us a surplus budget, and there is an Indian proverb which says,—it is not made by any foreigner—

"*Lakh jai par sakh na jai.*"

This means that credit is more valuable than millions of rupees. When the credit is lost, you cannot get money. It is impossible for any Finance Member or even a Committee of Finance Members to provide money for all the wants of all the provinces or according to the wishes or suggestions or criticisms of each and every individual Member

[Major Nawab Ahmad Nawaz Khan.] :

of this House. It is an impossible task for any one. If we honestly realise the responsibility of the Finance Member's position, and the difficult situation in which he is, we should see that all the most important things, which are required to run the Government, are provided with. In the present case, for India, the three chief things to provide for are, first, money for the coming reforms and subventions for the provinces. The second is the safety of India, that is, that money be provided for the military, and the third is that money be provided for the good of the agriculturist. All these things have been provided well.

**An Honourable Member:** For the loyalists!

**Major Nawab Ahmad Nawaz Khan:** Yes, if there is a complaint, it is this that Government provide more for the disloyals than for the loyalists! The Government are so kind that they cater more to the Opposition than to the supporters. (Laughter.) If there had been an Indian Government, here today, no Member of the Opposition would have ventured to criticise it. If they read the history of India, what was the case of the subjects and their representation at the time of the Mughal Rulers?

**An Honourable Member:** You are decrying even the Mughal Rulers?

**Major Nawab Ahmad Nawaz Khan:** What was the case in the time of the Government of Indian Rajas and Maharajas when there was no British Government? . . . . (Interruption.)

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Let the Honourable Member go on without interruption.

**An Honourable Member:** The Honourable Member unnecessarily brings in Rajas and Maharajas!

**Major Nawab Ahmad Nawaz Khan:** If we read the history of India, we will know that our poor people in India are a thousand times better than they have ever been in the time of either the Muslim Rulers or Hindu Rajas or Sikh Rajas. The proverbs are well-known to all Honourable Members of this House regarding those rules. One is this, it is well-known in the Punjab : "*Sikha Shahi*" meaning "Will of the Government officer is the law of the land". Sir, I may tell you that it was my ancestor, Ahmad Shah Abdali Sadozai, who gave a disastrous and decisive defeat to the Mahrattas in the battle of Panipat, near Delhi, in 1761. . . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member must confine himself to the budget.

**Major Nawab Ahmad Nawaz Khan:** We must be thankful to any Government or any man who does good to us, and we should not have the habit of criticising always and always. Sir, I am not going to say anything more about these interruptions which Honourable Members make. One thing, which I wish to draw the attention of the House to, is the military expenditure. During the past years we have spent very

much less than what is really wanted for the efficiency of the army. On account of the depression, it was quite right that the military expenditure was curtailed, but it could not be for all times. The Indian Army is not up to that standard which is necessary if we indulge in some international wars, where it should be quite ready to take part, and take part successfully in any encounter.

**An Honourable Member:** Why should it take part?

**Major Nawab Ahmad Nawaz Khan:** Sir, there has been some objection about Quetta expenditure. All those who know Quetta would realise that the rebuilding of Quetta, from the military point of view, from the commercial point of view and from the point of view of the interests of Baluchistan and the surrounding places, is very necessary. No doubt, those Honourable Members, who live far away from Quetta, cannot realise the advantages or disadvantages as local people or the people round about Quetta can. They may criticise such expenditure, but if they come to know the real situation, they will not continue to do so. My Honourable friend, Mr. Sham Lal, said something and criticised the Government. Every one agrees that Government should do more for the peasants, but the Central Government cannot make uniform rules for all the provinces, because the circumstances differ in different provinces. I think that it is quite right and proper for the Central Government to leave the matter entirely to the choice of the Local Government to do as they think proper to help the agriculturist. Some Honourable Members think that the Government of India are not really helping the agriculturist, and that they only want to show to the world that they are doing something. It is not correct, surely, nor can it be expected that in a few years the poverty of the villagers, which has been there since several centuries, can possibly be removed. If you spend 20 crores of rupees, every year, for the uplift of these agriculturists and for removing their difficulties, even then it will take 50 years. To blame the Government is not right. What the previous Hindu and Muslim Governments could not do in 15 centuries or more, can the present Government 'do in a few years? This poverty has been in existence for thousands of years, from the days of Ramayana and Mahabharata in India. It is only in the hand of God 'Almighty to make every poor man a rich man, and I believe this Government and every Provincial Government are doing their utmost according to the funds that are available. Sir, on the question of *kirpan*, may I say a few words with your permission?

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Chair cannot give its ruling until it knows what the Honourable Member is going to say.

**Major Nawab Ahmad Nawaz Khan:** Sardar Mangal Singh blamed the Government to interfere in religion without any rhyme or reason. I only wish to say that it is on account of stopping the crimes only that Government are putting some kinds of restrictions on the use of swords by the Mussalmans and the use of *kirpans* by the Sikhs in the North-West Frontier and Punjab Provinces. It is as much the religious right of the Mussalman to carry sword as it is for the Sikh to carry a *kirpan*. With these few words, I welcome the budget.

**Pandit Govind Ballabh Pant** (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): Sir, I rise to make a few observations on the budget which seem to me to be appropriate to this occasion. I must confess that so far as the main features of the budget or the larger questions of policy are concerned, I have no intention of tackling them within the 20 minutes limit which has been rigidly fixed by the Chair for every speaker. Sir, the Honourable the Finance Member has made a remarkable innovation this year. He has separated what may be called the narrative part of the budget from its operative part, and, at the first instance, he circulated only the part relating to the examination of the financial position. Well, to some extent, it will be a matter of relief to his subordinates as there will be fewer occasions for suspicion against them, but really I do not know the length to which the Government of India are going to take precautions in these matters. Distrust is just the forerunner of decay. That is what happened in the time of Aurangzeb. He suspected his father, his son and his brothers. He suspected his very shadow. . . .

**The Honourable Sir Nripendra Sircar:** Just as you are suspecting us?

**Pandit Govind Ballabh Pant:** We are not the Government. We distrust those who are against us, and those of our countrymen who are part and parcel of the alien machine exploiting this land. If those in power lose confidence in their agents, with whose help alone they can function, it indicates a state of demoralisation and deterioration which must result in the disruption of the institution they represent. So the Mughal Empire came to an end after Aurangzeb. So, I hope that this is the forerunner and precursor of the end of the present system of Government in this country. I hope, Sir, that the Honourable the Commerce Member will take a leaf from the speech of the Honourable the Finance Member. The Honourable the Finance Member has dealt with the matter in a genuinely business-like fashion. No fulsome eulogies were wasted on his subordinates. I hope the Commerce Member will not consider it necessary to devote a paragraph at the end of his speech every year to express the gratitude he and his predecessors felt for Sir Guthrie Russell and others under him in the Railway Department. I am glad that the Honourable the Finance Member has scored out that part of the conventional appreciation of his subordinates which should have no place in a budget speech. There were times when men like Sir Guy Fleetwood Wilson, Sir Malcolm Hailey and perhaps Sir Edward Baker used to put in a clause or a paragraph at the end, but I am glad that has become obsolete now, and the futile formality has been abandoned. For that I congratulate the Honourable the Finance Member. He has taken to the other way of doing things and he administers warnings to his subordinates on the floor of this House, and that is a better way of dealing with the matter, for, I believe, Government servants require all the restraint which can be imposed upon them by their superior officers.

Sir, the moment the Honourable the Finance Member was on his legs he reminded us of Cassandra and Cassandra-like prophets, and, for the time being, we felt that we were face to face with a Cassandra. That is how he started his speech, it was an apt illustration of the Bacchante abandon which the Honourable the Finance Member has introduced

into this House. To make a mistake himself, to be guilty of miscalculation, in spite of all warnings, and then to take us to task for his mistakes—that is the audacity of which the Honourable the Finance Member alone is capable and his Bacchanalian abandon was witnessed in this House in an extreme form when the Honourable the Finance Member made that statement.

He will pardon me, Sir, for the conceit of which possibly I may be accused when I make a reference to what he said about me this time last year. I quote his words:

*"He said"—'he' meaning myself—"that we had under-estimated the revenue so as to deprive the tax-payer of his just dues."*

[At this stage, Mr. President (the Honourable Sir Abdur Rahim) resumed the Chair.]

*"and for this purpose",*

and so on. Then, further on, he said:

*"to the best of my belief the estimates as presented to the House are fair and just. Pandit Govind Ballabh Pant spoke of the encouraging factors that are visible in India. It is quite true there are encouraging factors. There are encouraging factors in the world at large"*

and so on.

Then, he gave his reasons as to why he did not agree with me. But, any way, to hold us responsible for his spurning our view of things, for his going against us, and for his mis-calculating the revenue, in spite of the warning that we gave in an unambiguous manner is a queer way of chastising us for his own folly, if not for his calculated, determined suppression of revenue. (Hear, hear.) Sir, I would have no such quarrel with the Honourable the Finance Member if he had frankly said that it is on rare occasions the privilege of the Finance Minister to keep something up his sleeve—and I may tell him that is what one of his predecessors, Sir Guy Fleetwood Wilson, did on a similar occasion. Now, if the Honourable the Finance Member had made a candid statement like that—and we have witnessed his candour on the floor of this House more than once—the criticism would have taken a different line. Then the quarrel would be about his doing something which is wrong deliberately. But it is neither fair nor courageous to persist in a wrong course and then to blame those who had uttered the note of warning forthwith for their Cassandra-like prophecies! (Hear, hear.) Sir, there were other reasons why the Honourable the Finance Member should have seen the signs. I think he knows it as well as anybody that the volume, rather the value of imports between the 1st April, 1934, and the 31st January, 1935, was about 109½ crores, as against 95 crores for the previous ten months of the financial year 1933-34, and the amount of import duties that had been collected during those ten months was about three crores more than for the corresponding period of the previous year. The figures are before me, and I would like the Honourable the Finance Member to refer to page two of the last "Trade Review" for the month of January 1935. Thus, he knew at that time, that the imports had increased by more than 17 per cent. He also knew that the import duties that had been collected had already exceeded the collections for the previous year by three crores, and, still, he framed estimates which have today been exceeded to the extent of more than four crores (Hear, hear), that is, Sir, if we take both years, and to the

[Pandit Govind Ballabh Pant.]

extent of about two crores if we take that year alone! Sir, there are two years with which we are concerned—1934-35 and 1935-36. It is strange that he should have made a blunder even about the year 1934-35, which had already been completed and which was to close within a few weeks of the time when the budget was presented, with all necessary data before him about which there could be no doubt. Sir, if the Honourable the Finance Member did not deliberately do what he did, then I am really perplexed—I would not say that he is a knave and I would shrink from saying that he was a fool, because he is, perhaps, neither. He is one of those men whom Mr. Gokhale once described. Mr. Gokhale once said that Lord Curzon had come to India with a definite intention, he had a definite policy, he had a definite object. That is what I can say, Sir, about the Honourable the Finance Member. But, beyond that, he is neither a fool, nor a knave. He is quite a shrewd gentleman, and he knows his mind well; only, he does not know the motives and intentions of others, and he is often inclined to take the worst view of others. But, Sir, leaving it at that, I should like to invite the attention of the Honourable the Finance Member to two other aspects of the accounts that are before us. He knows, I think better than anyone of us here, that his control over expenditure today, even as the officer in charge of the Finance Department, is not as complete as it ought to be. He knows much better than I do perhaps that, from year to year, allotments have remained in part unappropriated. There has been over-budgeting in a number of Departments. He also knows that from year to year a number of supplementary demands have been made and approved by this House which have not been utilised at all. I would ask him whether, in these circumstances, it is not necessary to overhaul the machinery which regulates the expenditure. (Hear, hear.) I wonder if it is not possible to introduce a system of pre-audit accounting. There are difficulties I know for that system to be operated in such a vast country as India, but, still, I feel that, with reference to certain Departments, it is possible, and at all events certain methods can be devised by virtue of which expenditure can be regulated and controlled.

Then, the Honourable the Finance Member has, I believe, full knowledge of the fact that on the 31st March large sums of money are drawn, recklessly, irrespectively of whether they are genuinely required, under some pretext or other, simply because the financial year is closing and the grants may lapse. I wonder whether he cannot think of something like a Public Works Department reserve fund to which those sums could be transferred for the time being, instead of being precipitately misused, simply because the year is about to close. Sir, these are minor points and I am not going to deal with them at any length, but I believe, Sir, that economy is the soul of finance, and the Government should keep a vigilant eye on the progress of expenditure. Even this year, I find, Sir, that the net military expenditure budgeted for the current year is about 2½ crores more than the net expenditure actually incurred in the accounts year 1934-35. The Honourable the Finance Member, I think, Sir, feels a shock. If he will examine the accounts, I think he will agree with me; so I do not take more time over it. The method I have adopted is this. I can tell him that where a transfer has been made out of sums provided for military expenditure to a military reserve fund, I have deducted that from the allotment; where the reserve fund has been drawn upon, I have added that to the allotment for the year: with the result that in this

particular budget year there will be an expenditure of more than 2½ crores above the actual expenditure under military accounts in the year 1934-35 :

1936-37 : 45,45,00,000	1934-35 : 44,34,26,000
+ 82,40,000	— 88,92,924
46,27,40,000	43,65,33,076
Defence—2,62,06,924	

That, I repeat, is a very disquieting state of affairs, and I would ask the Finance Member whether it is not time for him to consider some method of what might be succinctly called Efficiency Audit which was, I believe, recommended strongly by Speaker Lowther, and also by Henry Gibson under which certain officers are appointed in order to audit, not the papers formally, but actual working from time to time to see if the taxpayer is getting full value for his money.

Sir, I see that there has been a lot of talk here about the surplus. What is a surplus after all? A surplus is always an unexpected thing. A surplus is something which results because of miscalculation. It is an additional burden inadvertently and unwittingly imposed on the taxpayer and which would not have been imposed had the Finance Department or those in charge of the finances been able to form a correct estimate of the situation. In the circumstances, a surplus is an additional tax imposed foolishly on the people. It is still more oppressive, especially in the midst of depression, than it would be in other circumstances. It is an intolerable burden at a time when prices have fallen down by about 50 per cent. In these circumstances, no Finance Member could congratulate himself on having a surplus budget. In fact, in our country, unfortunately, there has been a strange cycle. There have been surpluses or deficits according to the luck or ill-luck of Finance Members. Sir Malcolm Hailey had a time of deficits, Sir Basil Blackett had a time of surpluses; Sir George Schuster had a time of deficits again, and now Sir James Grigg is having these surpluses. I want the Honourable the Finance Member to guard against this, and I would like to tell him that at least in one respect he has gone against the constitution and promises of his predecessor. We all know, Sir, that the Honourable the Finance Member has no tender regard for the opinions of others. He spoke, well, in the strain he usually does, about his predecessor in August, 1934, a few weeks after his arrival here. What he said then, I think he can recall himself to his mind. I need not say more about his opinions about other experts who had been brought over here or about the policies followed by other Finance Members. Here was, however, a definite promise given by Sir Malcolm Hailey on behalf of the Government, and this policy was approved by means of a Resolution adopted by this House, that no allotment shall be made out of lump sum grants unless they were sanctioned by the Finance Committee. It was said in very clear, unambiguous and distinct words. In the course of his speech on that occasion, Sir Malcolm Hailey observed as follows:

"The fact is, Sir, that we want, if we can, to utilise for our own advantage the brains of those Members of the Assembly who have had knowledge of finances or administration."

I do not know if the present Finance Member credits the Members of this Assembly or any one here with any brain.

Then, Sir Malcolm Hailey goes on:

"There would of course be no objection to submitting to it—indeed we have already done so—all questions regarding allotments out of lump grants, and I should further have no objection to extending the definition of its functions to include the suggesting of retrenchment and economy in expenditure."

[Pandit Govind Ballabh Pant.]

In fact, a Resolution was passed by this Assembly which laid down:

"The functions of the Committee will be (a) to scrutinise all proposals for new votable expenditure in all Departments of the Government of India, (b) to sanction allotments out of lump sum grants (c) to suggest retrenchments and economy in expenditure and (d) generally to assist the Finance Department of the Government of India by advising on such cases as may be referred to it by that Department."

Sir, the Honourable the Finance Member or the Government had no authority whatsoever to make grants out of this rural development fund without the sanction of the Finance Committee. (Hear, hear.) In so far as he has done so, he has gone against the policy that was accepted by the Government and that was approved by the House and that forms part of the records of the Assembly. His grants were unconstitutional, if not illegal. I hope he will take great care hereafter to treat the Finance Committee—which he is anxious to abolish, I believe—with greater respect, I do not say with greater indulgence, as, so long as I am there, I do not want any concession, I will, however, insist on and safeguard its rights and privileges. The Honourable the Finance Member has not shown any respect for the decisions of the Finance Committee. I may inform this House that except on two occasions and with respect to two grants which a majority of that Committee could not approve, the Committee has invariably accepted, to my regret on various occasions, all the proposals that were placed before it by the Government. But even with reference to these two, the Honourable the Finance Member told us then and there that they would all the same be taken to the Assembly for its approval. It is a matter of deep regret to me that any Committee of this House should be so slighted—I am not speaking personally about myself, I am not speaking about the representatives of this particular Party in that Committee, but I speak about the dignity of this House, I ask Honourable Members whether it is fair that, where a Committee has been formed by them, by means of election with the vote of every single Member of this House and with the additional safeguard of the single transferrable vote, that the decisions of such a Committee, which seldom rejected the proposals of the Government, should be disregarded and thrown overboard. The Honourable the Finance Member tells us that it is only an Advisory Committee. Well, all Cabinets in the world are advisory bodies. All the Ministers in the House of Commons hold the position of no more than advisers to the King, and here the Honourable Members on the Treasury Benches are perhaps no better than constitutional advisers to the Governor General. If the decisions of those advisory bodies like the Cabinets or like the Ministers were upset all the world over, because they are advisory bodies, then constitutional Government would lose all its force and its significance and meaning. So far as I am concerned, I have dealt with the budget only in an administrative spirit today. But I feel that the whole system is so rotten, the whole thing is so intolerably wicked, that unless it is thrown into the hotchpotch, there is no hope for this country. (Applause.)

**The Honourable Sir James Grigg:** Sir, this is an extraordinarily difficult debate to wind up, and, if my Honourable friend, who has just spoken, will forgive me, I wish to express a certain amount of disappointment with his speech, not for the reason he thinks, but because I expected something much more warlike than that, something much more definite to bite me. As it is, there were some very admirable remarks on

financial control with which I almost entirely agree, a certain number of pleasantries saved up for a whole year and then a final sweeping condemnation at the end, but only in one sentence.

All the rest of the debate has been on the same plane, and it really is a matter of great regret to me that Honourable Members, who have spoken, have not thrown up more on which I could work up indignation. (Laughter.)

**Mr. S. Satyamurti:** The Honourable Member wants very little provocation!

**The Honourable Sir James Grigg:** Most of the criticisms which have been made, of course, relate to matters which have nothing  
4 P.M. whatever to do with the budget; and, in so far as they do relate to the budget, they have been mostly mutually destructive. Let me give you a few examples.....

**Mr. S. Satyamurti:** Oh! Divide and rule!

**The Honourable Sir James Grigg:** "This is not a surplus budget. The surplus is quite chimerical; the surplus is all moonshine. On the other hand, the revenue has been grossly under-estimated; the Finance Member is repeating the miscalculations which he has already made twice." Incidentally, the first miscalculation was not mine, but that of my predecessor—but that is quite in keeping with the ordinary controversial methods here. Then, also, we have—"the defence expenditure is disgracefully high; it is intolerable"; on the other hand, two Honourable Members think that in this disturbed world it behoves India to be well prepared for anything that may happen in the military sphere. Then, again, "the income-tax surcharges must be altogether removed"; the Honourable Baronet from Bombay, I think, took that line. On the other hand, Mr. Akhil Chandra Datta protested strongly against this reactionary proposal of removing even one-half of the surcharge and referred to it as the rich man's budget. Well, I might have left the comments of individual Members to cancel themselves out, and then I could have taken refuge in a silence somewhat unusual to me. (Laughter.) However, if I had done that, I daresay, the Opposition, with its usual facility for having it both ways, would have complained bitterly.

**Mr. S. Satyamurti:** Well, you can stop now; we will go home. (Laughter.)

**The Honourable Sir James Grigg:** If I say anything, it is wrong; and if I did not, it would be wrong too. Was there ever such an unfortunate person as I am? However, as I cannot please everybody, I must be content to please myself (Laughter), and, pursuing my usual rôle, make such answer for myself as I can with my customary moderation. (Laughter.)

I have already expressed my grave disappointment with Pandit Govind Ballabh Pant's speech, but perhaps I can take up some of the points that he mentioned. As regards financial control, I certainly have a great deal of sympathy with his contentions on that. It is a matter to which unremitting attention ought to be given, as his Honourable friend on his left gives a good deal of attention to it in the Public Accounts Committee.

[Sir James Grigg.]

And if I may say so without any risk of being thought to patronise, I think he has done very good service in calling attention to certain matters in that committee which the Pandit himself calls attention to now publicly. And it is a question to which those responsible for financial control ought to give unremitting attention; and that has been done to the extent that an exhortation to departments has been compiled and circulated. I think I am bound to say that, in one or two respects, the operation of the exhortation in the first year was not fully effective. But, I can assure Honourable Members that I will and the Finance Department will give absolutely unremitting attention to that and we hope that, as years go on, conditions will show some improvement. But, all the same, it is not any good being too stern about that sort of thing in times when price-levels and conditions are changing very rapidly. Therefore, if he will on his part promise to regard any shortcomings on our part with rather more tolerance than he showed in his speech today, I can promise him that, as far as it is within our power, there will be improvement.

There were two points raised by the Honourable Pandit on which I could not understand his figures. And though I will look into them more carefully when I see his speech in print, I do not think he is right about them. First of all, he said that the army expenditure for 1934-35, comparing like with like, is 3½ crores less than is expected in the year which is about to start, 1936-37.

**Pandit Govind Ballabh Pant:** The net expenditure.

**The Honourable Sir James Grigg:** Yes, the net expenditure. I have applied his methods of calculation and I have arrived at a figure of 1½ crores instead of 3½ crores.

**Pandit Govind Ballabh Pant:** Sir, as it is a matter of personal explanation, I should like to explain it to the Finance Member. Please take the budget estimates of expenditure on the Defence Services and look at page 2. You will find there the accounts of 1934-35. The net expenditure is 35 crores and 47 lakhs, Effective, and eight crores and 18 lakhs, Non-Effective. From the aggregate of 44.34 lakhs, 68 lakhs is taken away to the Defence Reserve Fund. If you add the first two or deduct 68 from the last, you get a figure of 43 crores and 65 lakhs. Now, take the last one and add up 38 crores and 26 lakhs and 8 crores or add 82 lakhs and 40 thousand to 45.45; you find 46 crores and 27 lakhs. This difference is what I mentioned.

**The Honourable Sir James Grigg:** Even on the Honourable Member's showing, certainly 68 lakhs away from 44 crores is only something just under 44 crores. But, anyhow, it is not 8½ crores difference. However, as I say, I will examine the Honourable Member's figures when I see them in print.

**Pandit Govind Ballabh Pant:** We have examined them now; admit that they are correct.

**The Honourable Sir James Grigg:** In any case, taking 68 lakhs from 44 crores does not produce 42 crores.

The other point raised is that I ought to have known that, on the figures of imports for the first nine months of the year 1934-35, there would be a great excess in customs revenue and that I ought to have estimated accordingly. As a matter of fact, in our revised estimates, we provided for an increase of four crores for the whole year; that is not very unreasonable. And, as I pointed out in the budget speech, there was quite undoubtedly a spurt in a great many directions in the last two or three months of the year, some of the main directions being those I have mentioned in that speech,—raw cotton, machinery, jute, and so on.

Perhaps I can now, before I come to the main point of my reply, deal with some of the minor points which have been raised by the other speakers during the course of this debate. Mr. Basanta Kumar Das said that the whole of the rural development grant was being spent on propaganda. Even if he reckons the two lots of 20 lakhs which are to be spent on broadcasting, that only comes to 40 lakhs out of 8½ crores; and as far as the actual expenditure on wireless and receiving sets out of the 107½ lakhs given to provinces last year, the total expenditure is 1½ lakhs. As regards the two broadcasting items, my Honourable colleague, the Member for Industries and Labour, pointed out quite clearly that there have been explicit pledges that this broadcasting service is not to be used for propaganda. And to give what seems to me to be conclusive proof, may I say that I have listened on various occasions to the news service coming from the Delhi broadcasting station and on practically every occasion I thought it was very unfair to Government. (Laughter.) And I have not the slightest doubt that Honourable Members opposite think it unfair to them. So, between the two of us, I dare say, it works evenly and pursues its rôle of impartiality pretty successfully.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadan Rural): Everything cancels out in your budget. (Laughter.)

**The Honourable Sir James Grigg**: Anyhow, as I said, out of the grants in the Rural Development Fund last year, which the Honourable Member from Assam said had been practically entirely spent on propaganda, the truth is that only Rs. 1½ lakhs out of Rs. 107½ lakhs have been so spent. There was a certain misunderstanding on the part of some of the Bengal Members about the expenditure in Midnapore. I shall refer them to this paragraph from the Memorandum which was circulated in September last:

"A transmitter will be used for broadcasting the amusement programme from the Calcutta Broadcasting Station and also to broadcast from Midnapore in the local dialect, to give instruction and propaganda talks of the kind required by the people of the district and in the form likely to appeal to them."

I cannot help feeling that they are reading more into the use of the word "propaganda" there than can possibly be found in it. Propaganda obviously does not mean what they suspect it to mean; I think they are being unduly suspicious. Propaganda is not necessarily Government dope. (Laughter.) There are other kinds of propaganda such as propaganda which is merely information that you want to disseminate, and it may be information and almost invariably is information which is useful.

**Mr. S. Satyamurti**: With a certain aim.

**The Honourable Sir James Grigg:** I do not know what goes on from Midnapore, but I think it is quite conceivable that on certain occasions it would broadcast.....

**The Honourable Sir Nripendra Sircar:** Propaganda for malaria.

**The Honourable Sir James Grigg:** I think it is quite conceivable,—I do not know in the least,—that on occasions the Midnapore station might want to broadcast anti-terrorist information. If Honourable Members say that is undesirable propaganda, let us know where we are.

**Mr. S. Satyamurti:** It is.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Would you enquire what it is?

**The Honourable Sir James Grigg:** We come now to the question of the postcard, which I propose to deal with only in a preliminary way. I do not propose to deal with it at any length as an amendment on the Finance Bill will doubtless be moved, and then my Honourable colleague on my left will deal with the matter in a full dress debate.

**Mr. S. Satyamurti:** Will you accept it?

**The Honourable Sir James Grigg:** As I said, I propose to deal with it in a preliminary manner. All that I would say at the moment is that it would cost half a crore of rupees, and that is not available in the general budget except on the imaginative basis invented by the Honourable Member from Bombay, namely, that I had deliberately underestimated my revenue, which I deny. And, certainly, whether it is available in the general budget or not, it is not available in the Posts and Telegraphs budget. The surplus after paying the concession which I have already announced is Rs. 2 lakhs. Out of Rs. 2 lakhs, you cannot find half a crore, and personally I think that the Posts and Telegraphs budget this year is framed rather on optimistic lines. Anyhow, it is a cardinal rule—and certainly with the spectre of the railways in front of us it ought to be kept as a cardinal rule—that the Central budget in no circumstances must be allowed to subsidise the commercial departments.

Certain other Members have commented rather acidly on the discrepancy between a deficit railway budget and a surplus Central budget. But it is not as strange as all that. It is quite conceivable that one particular activity of Government may not be prospering, whereas the general activities are prospering. The railways are subject to all kinds of competition from all sorts of other forms of transportation. It is very acute in India, and, as far as I can make out, almost entirely unregulated, and in some respects, the competition of other forms of transport with railways is definitely unfair. That has been stated by Members of the Government in the House over and over again. What is quite clear is that unless the problem of co-ordination is solved by co-operation and good will between the Centre and the provinces, the railways will never pay and the provinces will never get any income-tax. (Interruptions.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would ask Honourable Members not to go on interrupting.

**The Honourable Sir James Grigg**: As I said, none of the provinces will get any share of the income-tax.

**Mr. S. Satyamurti**: Is that final?

**The Honourable Sir James Grigg**: And, as the Honourable the Commerce Member pointed out in his speech, losing railways are not in the least inconsistent with an improving activity over the economic sphere generally, particularly as the railways themselves—although the position is still pretty gloomy—have been showing some improvement in the last two years. Apart from that, and it is no good Honourable Members opposite blinking the fact, there are certain effects arising from Government policies in India which do affect the railways adversely and which, if I may say so, have never been taken into account in calculating the cost of those policies. I think the Commerce Member gave an illustration of the effect on the North Western Railway's revenue of sugar protection alone which has resulted in carrying the same amount of goods or even more goods over very much shorter distances, and has cost the North Western Railway Rs. 30 lakhs a year. Then, he gave other examples of the effects of various barrage schemes. There, again, I doubt very much if the losses to the railway were taken into account in the original projects. The effect of the Sukkur Barrage in shortening the lead over the transportation of crops is a cost to the North Western Railway of Rs. 20 lakhs a year—at least Rs. 20 lakhs a year. These are facts you have got to take into account. It may be that the sugar protection policy is resulting in a balance of advantage on the whole. I am very doubtful about that—but it is much more likely that the irrigation policy is resulting in a net gain to the country. But the fact that these policies do injure the railways has got to be taken into account, and it is one of the explanations why the railway finances are less prosperous than those of the general Central budget. However, as I have said before, if the railways are to remain or are to become a permanent weight on the Central budget, the situation will soon become very different and both will be in distress together, and if that happens, the provinces will have to look a very long time before they get any income-tax. I think provinces ought to realise this and be prepared to co-ordinate the various forms of transport much more than some of them have been inclined to do in the past.

There are still one or two minor points that I would like to deal with. One or two casual references were made to the ratio. On that my somewhat categorical statements in the past have incurred a certain amount of comment from Members opposite, but there it is. That is still my position. I personally am convinced that the maintenance of the present ratio is, in present circumstances, very much in the interests of India, and as far as I am concerned, that policy is going to remain. When you are talking about a shilling rupee, please remember that in comparison with the position at the time when it was fixed, when the rupee was 1s. 6d. gold, it is now about 10½d. or 11d. gold, so that it has already been devalued to a very considerable extent. Another thing that I would point out to the House is that it is almost certain that on present purchasing power parity theories, the rupee is not overvalued, but undervalued: the proper ratio for the rupee, based on purchasing power

[Sir James Grigg.]

parities at the present moment, is probably about 1s. 8d. But, anyway, you can get figures to prove anything. (*Opposition cries of "Hear, hear."*) In any case, I have at least got figures for my contention: those who say that the rupee ought to be devalued to a shilling have got no figures in support of their contention.

Then, the Honourable Member from Moradabad raised two questions about which I would like to say a word. The first was as regards the restoration of the education cuts associated with the name of Aligarh. There are a variety of grants from the Central Government not amounting to very much in all, which are still subject to the cut which was made in 1931. I think the two classes are education grants and medical grants. We are taking that question up and considering the question of restoration, and I hope it will not be very long before we come to a decision on them. The Honourable Member from Moradabad also exhorted us not to waste the money that is allocated for rural purposes. I have every sympathy with him in that exhortation, and, in fact, that will be the aim of the Government of India too. I do not believe—though some of the Honourable Members opposite continually assert the contrary—that the provinces have, in fact, wasted money or devoted it to unworthy objects. But whether they believe it or not, Honourable Members will go on saying so till the end of time. As I pointed out in the budget speech, we have called for reports from the Local Governments. They are due at any time now, and before any allocation is made from the 108½ lakhs now remaining over for distribution, the whole question of the conditions on which these grants are made will be carefully considered, and, I think, as I said in my budget speech, it is quite possible that the Government of India will seek to restrict the grants to certain narrower categories.

Now, I come to the Honourable Baronet from Bombay. His speech, if I may say so without being thought to flatter him unduly, was perhaps the most important we have had, because it discloses the main line of attack which is going to be adopted against the budget as a whole. Let me first clear out of the way his point about Quetta. He produced a somewhat abstruse argument to show that a provision of Rs. 3 crores for sinking fund was quite adequate, and that it would, therefore, be perfectly legitimate to borrow the whole of the Quetta Expenditure. So far as I could understand it, his argument is as follows: of the 1,200 crores of the Government of India debt, 800 crores relates to the railways, and already that 800 crores is cared for by the annual contribution of 18½ crores to the railway depreciation fund. Let us, for the purposes of argument, admit his contention that 13½ crores is sufficient over a period of years to make up the annual detriment of fixed and working capital owing to depreciation of assets: or, in other words, that it suffices to keep the block at its present valuation. On the other hand, it quite clearly is insufficient to write off any amount by which the valuation of the block is less than the capital debt, and it certainly is inadequate to write down the capital in respect of any diminishing earning capacity of those assets. Moreover, I think his argument amounted to saying that no business concern ever makes any provision from revenue for writing down share capital . . . .

**Sir Cowasji Jehangir:** I did not say "never"; only when they have made fabulous profit.

**The Honourable Sir James Grigg:** . . . very rarely makes provision for writing down share capital. But, in the first place, the railway debt does not represent share capital at all. It is much more like debenture stock, and, though a commercial concern may not, except in the rarest of circumstances, make provision for writing down share capital or return capital to the shareholders, certainly any prudent business would make provision out of revenue for a sinking fund for the redemption of debentures. I do not think there is any question about that whatever; there cannot be any question about that. But, even apart from all that, it is not the railways, it is the Government of India who are responsible to the public for the 800 crores of railway capital, and it is the Government of India who have got to care for the various loans when they mature; and nothing can get away from the fact that the Government of India have borrowed from the public 1,200 crores and that the capacity to convert the various elements of this debt as they mature on favourable terms is the measure of the market's appraisal of the credit of the Government of India and not any theoretical calculation of the material life of an asset, which may not be earning its keep anyhow. In this appraisal of the credit of the Government of India, there is no doubt that the provision of a sinking fund out of revenue is a material factor, not only because it does provide an assurance that the debt will be gradually and regularly reduced, but because it helps to ensure that the Government of India can bring to bear on the market at the time of any particular maturity a considerable—if I may borrow a phrase from one of the Chancellors of the Exchequer I have known—a considerable mass of manœuvre. I, therefore, maintain that, in spite of the Honourable Baronet's abstruse arguments, it is on the total of 1,200 crores of debt that the adequacy or otherwise of the sinking fund provision must be assessed. But let us see what happens if we give him his argument. Let us take 800 crores out of the 1,200 crores for the time being, and leave only 400 crores of debt. The sinking fund of three crores is still very much less than one per cent. on that debt, and, if it is raised to the extent of 75 lakhs a year for the purpose of Quetta, it is little more than half per cent . . . . .

**Sir Cowasji Jehangir:** Will the Honourable Member kindly explain how he gets this 75 lakhs figure? We do not understand it.

**The Honourable Sir James Grigg:** It is an average calculation of the amount of the annual expenditure on the reconstruction of Quetta less the interest on the instalments borrowed.

**Sir Cowasji Jehangir:** You will borrow at  $3\frac{1}{2}$  per cent?

**The Honourable Sir James Grigg:** Call it 80 lakhs if you like.

**Sir Cowasji Jehangir:** No; it is  $3\frac{1}{2}$  per cent. on seven crores plus sinking fund. How is it 75 lakhs?

**The Honourable Sir James Grigg:** If you make your calculation on that method, namely, assuming that you borrow seven crores outright, and provide interest and sinking fund on it at  $3\frac{1}{2}$  per cent, the rate is much smaller, it would not be 75 lakhs; it will be something like 55 . . . . .

**Sir Cowasji Jehangir:** It will be about 25 lakhs.

**Mr. S. Satyamurti:** It will not be 75 lakhs anyhow.

**The Honourable Sir James Grigg:** The method which I have adopted is to assume that each instalment of construction money is borrowed as it is paid, and that, therefore, interest alone is paid on it. On that assumption, the saving to the budget is about 75 lakhs a year. If you want to borrow the seven crores outright and pay interest and sinking fund on it, the saving to the budget is much less than 75 lakhs. Anyhow, nothing can alter the fact that three crores on 400 crores is well under one per cent., and that  $2\frac{1}{2}$  or  $2\frac{1}{2}$  crores on 400 crores is very little more than half per cent., and I do not see how anybody can contend that a sinking fund of that magnitude is safe for India: in the present circumstances of India, it is dangerously inadequate. As a matter of fact, it seems to me that it is not necessary to argue this question at any very great length, for, in spite of the quotation that the Honourable Member produced from Sir George Schuster, there is the fact that on the sinking fund plan, fixed by Sir Basil Blackett, the provision would now have been about seven crores, and that basis was fixed when the railways were making profits, and when the possibility of the railways proving to have been over-capitalised was never considered. I think it is extremely likely that if Sir Basil Blackett had to fix the basis of a sinking fund provision now with the present prospects of the railways, he would have considered that seven crores was not adequate; he certainly would not have considered it excessive. And, incidentally,—but let me first earnestly ask to be acquitted of any suggestion of patronage—all this glib talk about borrowing does seem to me to illustrate one of the cardinal sins of Indian finances, both public and private. Rash borrowing by provinces—including the Baronet's province at times—and rash borrowing by individuals have not only landed so many provinces in financial difficulties, but have created a situation where individual indebtedness in India has been calculated to be of the order of nine hundred or a thousand crores, with the result that nearly every province has had to introduce legislation to condone the default of debt payments to the creditors.

But this paying for the reconstruction of Quetta out of capital is not the only respect in which the Honourable the Baronet seeks to reconstruct the budget and bring it rather nearer to his heart's desire. His desire is to write up the estimates of revenue. I gather that one of the Honourable Members from Calcutta supports him in that desire. I see from a communication I have received from the Federation of Indian Merchants' Chambers that they also take the same line, and perhaps the House will allow me to take the communication of the Federation as my text, because it does make certain specific suggestions, and that will enable me to attach rather more concreteness to the examination which I propose to make of this kind of suggestion. The Federation says that revenue has been underestimated, especially in sugar and silver. So they calculated that a much larger fund is available for reduction of taxation. They also add the non-recurring 1.97 lakhs from the 1935-36 surplus and produce a much larger fund still. Now, let us see what they want to do with it. First of all, they want the six pies postcard: the cost of that would be 54 lakhs a year. They want the whole of the surcharges on income-tax and super-tax to be removed at a cost of 1.88 lakhs a year; they want business losses to

be carried forward for income-tax purposes at a cost of a crore a year; they want the super-tax to be made payable only at Rs. 50,000 instead of Rs. 80,000—that is a comparatively moderate item, because that will only be 15 or 16 lakhs a year. But the whole of it, when added up, comes to something like 3,10 lakhs. Let us throw into it the Quetta raid, as I may call it for purposes of brevity,—the Quetta raid of 75 lakhs and also the non-recurring 1,97 lakhs a year, and see what happens in 1936-37 and in the next two years. I must apologise to the Honourable the Baronet for repeating my offence and looking forward and making estimates for the future. Unfortunately, I cannot take quite such an easy line about it as he does. First, on my basis of estimating, that is to say, assuming that my present estimates of revenue are fairly accurate, in 1936-37, if you do what the Federation suggests, you will have used up the whole of your revenue reserve and left yourself with a deficit of 40 lakhs uncovered by anything; in 1937-38, there will be a deficit of about 4½ crores; in 1938-39, there will be a deficit of about 2½ crores. Well, it will take a good deal of under-estimating to eat those up. This question of under-estimating is of the essence of the matter, and, of course, it is only right and proper, for I have a certain past in the matter, that I should deal with it somewhat fully. The Honourable the Baronet from Bombay and the Honourable Member from Calcutta, and I think the Honourable Pandit also said that I had under-estimated. I think there were some interjections from one of his colleagues, and from his own remarks I gathered that they regarded it as a deliberate piece of malice, a forethought on my part from the very moment I landed in India. But there is a good deal of opinion on the other side. There are a good number of gloomy opinions expressed in this debate, and perhaps I can quote some of them. If I summarise and don't do full justice to the arguments in the contentions of Honourable Members, I will apologise in advance.

Sir Ghulam Hussain Hidayatallah said that the sinking fund provision was too low,—I agree with him,—that revenue was declining, that there were railway deficits, and that anyhow more money was wanted for Sind.

Mr. Akhil Chandra Datta said that there was really no surplus, it was quite chimerical to say that there was a surplus.

Then, Sir Muhammad Yamin Khan said that Government ought not to rely on a continuance of the yield of the sugar import duty.

Then, Dr. Rajan, I think, took an extremely gloomy view and said that the surplus was entirely imaginary. Mr. Mathuradas Vissanji said there was certainly no recovery; there was certainly still depression, and certainly the railways had always lost in the past, and, except for those years of boom, when they made a little profit, they will lose in the future, and there was no ground for real optimism. I am not sure that I am doing him justice, but I think Mr. Basanta Kumar Das said that the surplus and prosperity was all moonshine, at any rate he said something to that effect. Then, Mr. Som from Bengal said very much the same thing, that taxation was still too high and it was absurd to say that there was a surplus budget when there was still the emergency taxation, that there was no recovery and the optimism was quite misplaced. Now, let me go for a brief moment into the question of the estimates of revenue. And may I repeat that the original estimates for 1934-35 were made by my predecessor, and not by me? It is perfectly true that a year later or nine months

[Sir James Grigg.]

later, I reckoned, with the best advice I could find, that these estimates were pessimistic to the extent of three crores, and, in the following year, 1935-36, the estimates were calculated in the light of that conclusion. It is quite true that this three crores was about  $1\frac{1}{2}$  crores too low; it was three crores 27 lakhs, while the actual figure was 4.95 lakhs. The miscalculation turned out to be in the end nearly five crores, but three crores of that, so far as 1935-36 was concerned, can be assumed to have been corrected by me last year. That is shown from the fact that the surplus this year, instead of being 4.95 lakhs, is something over two crores. Taking these two facts together, we can assume three crores of the underbudgeting was corrected last year so far as the estimates of 1935-36 are concerned. Then, clearly, with the evidence of those underestimates, the revenue figures for the year 1936-37 have been adjusted accordingly, and, to the best of my belief, the remaining underestimating has been corrected for. This is confirmed by the fact that, leaving out of account sugar, my miscalculation if you like, or underestimating for 1934-35 and 1935-36, was almost exactly the same figure. So, the only real scope for miscalculation, leaving out of account miracles in the current year, is the estimate of sugar imports. I think there is universal agreement that the revenue from sugar import duty is bound to go down to very low figures before long; it is only a question of when it is going to happen. Everybody knows, that the figures, on which the budget is based, are calculated on figures which are very much in arrear,—but since they were prepared, we have got another month's figures, and during that month there was a very heavy fall in the yield of sugar import duty, and my information is that there have been very small imports in February, and there are likely to be very little importations in March. In that case, I think that it is extremely likely that the estimate of two crores for the yield of sugar import duty next year may be an optimistic one.

**Sir Gowasji Jehangir:** Is it for this year or the next year?

**The Honourable Sir James Grigg:** I think that sugar will show in the current year some shortfall from the revised figures, so that I cannot admit for a moment that the figure of two crores for next year is, on the information at present available, a pessimistic one. That is rather a complicated explanation, but I hope that I have shown that *prima facie* there is no reason to suppose that there is anything very much of a margin by way of underestimating the revenue. But this point of underestimating, if I may say so, is a very important one, because the Honourable the Baronet from Bombay has now disclosed his plan of campaign. First of all, let us take 75 lakhs or 55 lakhs,—it does not matter for the purpose of illustration,—off the expenditure on account of Quetta. Then, add X crores to the revenue, and you do that, I think, not on any relationship to any fact, but on relationship to the tax reductions that you think you ought to have, and then you bring in on the Finance Bill motions to reduce taxation accordingly. It would perhaps be kinder to pass over the Honourable the Baronet's theory of budgeting. It is in a word, every year must take care of itself, borrow as much as you can, don't look ahead, let us eat, drink and be merry, for tomorrow we die. If India follows his advice, it certainly will die. (Laughter.) But one aspect of his plan of campaign I cannot pass over, and that is, what he has accused me of in the past, the political manœuvre. I am not quite sure what his design is, I am not sure whether it is to steal the clothes of the Leader of the Opposition,

or to induce the Leader of the Opposition to walk into his parlour. I am not sure whether he is offering the Congress Party his support in carrying a motion for the reduction of the salt duty, or whether he is inviting the support of the Congress Party in aid of his efforts on behalf of the super-tax and income-tax payers. (Laughter.) I have noticed a disposition on the part of the Honourable the Baronet to hold himself out as the champion of the poor. Incidentally, something that my Honourable friend, Mr. Akhil Chandra Datta, said about the level of income-tax below 2,000—he was a little unkind in the contention, but I think the Honourable Member from Bengal said that even people below 2,000 were rich, which was necessary to prove that it was a rich man's budget. However . . .

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): On a point of personal explanation, Sir. I never complained against the reduction of the surcharge. My complaint was that whatever relief was given was given only to the rich people and nothing to the poor.

**The Honourable Sir James Grigg**: Included in the rich were people whose income was between 1,000 and 2,000 . . .

**Mr. Akhil Chandra Datta**: I definitely said they are middle class people.

**The Honourable Sir James Grigg**: I am sorry; but anyhow, whatever that may be, I cannot see the Congress Party falling for the Honourable the Baronet's little game. There is not the slightest doubt that the Congress Party will gladly accept his help in mutilating the Finance Bill.

**Mr. S. Satyamurti**: In spite of the loan of four annas!

**The Honourable Sir James Grigg**: I have no doubt that the Congress Party will equally see to it that he gets nothing for what he spends except the kicks that always come to people who get between the two main combatants in a battle. (Laughter.)

Anyhow, I will stop these conjectures about the future course of events. (Laughter.) As I stated in the budget speech, my job as I conceive it, is to prepare for Provincial Autonomy, and, despite the advice of the Honourable Member from Bombay, I have got to look ahead and I cannot let precautions go to the winds. Certainly I have tried to look ahead, and I shall continue to do so. I personally do not think that I have underestimated. In any case, I should wish to be able to relieve the provinces, particularly the deficit provinces, as quickly as possible, and, at this juncture with this momentous change no more than a year ahead, if I find or if it is found in the months to come that I have been over-cautious, I certainly shall not feel very penitent about it, and I do not think I shall find it necessary to apologise. (Applause.)

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## STATEMENT OF BUSINESS.

**The Honourable Sir Nripendra Sircar** (Leader of the House): Sir, I stated on the 14th February, in reply to Mr. Satyamurti, that we would be willing to secure the allotment of two additional non-official days, one for Bills and one for Resolutions, after the Finance Bill had been disposed of and the debate on the Ottawa motion had concluded. The

[Sir Nripendra Sircar.]

House will remember that the arrangement to take the Ottawa motion after the completion of the Finance Bill was subject to intervention of any other items of business of an urgent character. There will certainly be some items of business within this category, for instance, supplementary demands for the current year will have to be taken before the end of March, even if this involves an interruption of the debate on the Finance Bill itself. There will also be some items of legislative business which it would be most inconvenient to delay until after the Easter and Baisakhi holidays, which extend from the 9th to the 13th April. It has further to be remembered that the Muharram holidays will reduce working days in the week, opening on the 30th March, to three. My conclusion is, therefore, that it will be impossible to allot additional non-official days until after the Easter and Baisakhi holidays. I have been informed that some Honourable Members would prefer to forego the additional days rather than have them at that late stage in the Session. I should be grateful if Party Leaders and any unattached Members interested in the question would favour me with their considered opinion during the course of next week.

**Mr. F. E. James** (Madras: European): May I ask the Honourable Member one question? Can he give any idea as to the legislative measures which are considered to be essential before the end of the Session? What are they? What is the programme?

**The Honourable Sir Nripendra Sircar**: Speaking offhand, first of all, there will be a Bill to be introduced by the Member for Industries and Labour in connection with the coal mines. Then there is every chance of our introducing the Company Law. Then, the ticketless traveller has to be taken care of. These are the three I can think of just at this moment. I think there are one or two more.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Does the Honourable Member mean to bring up the amendment of the Company Law for first reading? Or is it merely introduction?

**The Honourable Sir Nripendra Sircar**: As I explained on an earlier occasion, in answer to my friend, Mr. Satyamurti, I propose to introduce it and then I propose to move a motion for Select Committee this Session. If that is accepted, then we can have the Select Committee later on.

**Mr. F. E. James**: I hope the Honourable Member has not forgotten the Indian Tea Cess Bill among the urgent legislative measures?

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): Are Government bringing up the Cantonments (Amendment) Bill?

**The Honourable Sir Nripendra Sircar**: There are two questions put at the same time. The answer to one is in the affirmative and the other in the negative. I think the Cantonments (Amendment) Bill will, in all likelihood, come up for consideration.

**Mr. F. E. James**: I hope you have not forgotten the Tea Cess Bill.

**The Honourable Sir Nripendra Sircar:** I have not forgotten it, because I have not heard of it.

**Pandit Govind Ballabh Pant** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Will the Cantonments (Amendment) Bill be recommended to the Select Committee? What will the motion be in regard to it?

**The Honourable Sir Nripendra Sircar:** There was a kind of understanding about to be arrived at, by which it will be recommitted without much further discussion here at this stage.

The Assembly then adjourned till Eleven of the Clock on Friday, the 6th March, 1936.