

Wednesday, 4th November, 1931

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume VII, 1931

J.R.R.

(4th to 20th November, 1931)

SECOND SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931



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Legislative Assembly.

President :

THE HONOURABLE SIR IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E.

Deputy President :

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

Panel of Chairmen :

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MR. ARTHUR MOORE, M.L.A.,

SIR MUHAMMAD YAKUB, KT., M.L.A.,

RAI SAHIB HARBILAS SARDA, M.L.A.

Secretary :

MR. S. C. GUPTA, BAR.-AT-LAW.

Assistants of the Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Public Petitions :

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

MR. ARTHUR MOORE, M.L.A.

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

RAJA BAHADUR G. KRISHNAMACHARIAR, M.L.A.

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

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LEGISLATIVE ASSEMBLY.

Wednesday, 4th November, 1931.

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

MEMBERS SWORN:

- The Honourable Sir Joseph William Bhore, K.C.I.E., C.B.E. (Member for Industries and Labour);
Major Nawab Ahmad Nawaz Khan, O.B.E., M.L.A. (Nominated Non-Official);
Sardar Bahadur Captain Hira Singh Brar, M.B.E., M.L.A. (Nominated Non-Official);
Mr. H. C. Desanges, M.L.A. (Nominated Non-Official);
Sir Frank Noyce, Kt., C.S.I., C.B.E., M.L.A. (Secretary, Department of Education, Health and Lands);
Mr. Clement Wansbrough Gwynne, C.I.E., O.B.E., M.L.A. (Government of India: Nominated Official);
Mr. William Alexander Cosgrave, C.I.E., M.L.A. (Assam: Nominated Official);
Major Hutchison Raymond Pelly, M.L.A. (Burma: Nominated Official).
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QUESTIONS AND ANSWERS.

LOAN GRANTED TO THE BAHAWALPUR DURBAR.

1150. ***Sirdar Harbans Singh Brar:** (a) Will Government please state what was the figure of the loan sanctioned in 1926 to the Bahawalpur Durbar at the end of the financial year 1930-31?

(b) What is the rate of interest payable on the loan, and what will be the total amount of interest due for the financial year 1931-32?

The Honourable Sir George Schuster: (a) About Rs. 9,67,00,000.

(b) The rate of interest under the original agreement is 6 per cent. per annum. The question of charging a rate calculated on the basis of the borrowing rates of the Government of India is under consideration. The total amount of interest recoverable in the current year will depend on the decision arrived at on this question and also on the amounts borrowed during the current year.

Mr. Lalchand Navalrai: Is it a fact that the Bahawalpur Durbar has gold in that State and will it be on that account that the money will be returned soon?

The Honourable Sir George Schuster: I only heard the first part of the Honourable Member's question. I understood him to ask whether it is a fact that gold had been found in the Bahawalpur State.

Mr. Lalchand Navalrai: It is alleged that gold has been found in that State.

The Honourable Sir George Schuster: I am very grateful to the Honourable Member for the information. It is very good news.

Mr. Gaya Prasad Singh: What was the original amount sanctioned and to what extent has it been exceeded? I understand that a loan was advanced on two or three occasions. I want to know what was the original amount sanctioned?

The Honourable Sir George Schuster: I must ask for notice of that question. I have not got the exact figures by me.

Mr. Gaya Prasad Singh: What is the revenue of the Bahawalpur State which will cover the amount advanced?

The Honourable Sir George Schuster: I must ask for notice of that question also.

Sir Muhammad Yakub: For what purpose was this money advanced to the Bahawalpur Durbar?

The Honourable Sir George Schuster: In order to enable them to undertake their part in the Sutlej Valley Irrigation Scheme.

Sir Muhammad Yakub: Has it been carried out and under whose instructions?

The Honourable Sir George Schuster: The scheme is practically completed. The work has been done by engineers of the Punjab Irrigation Service and I may inform the House that we are just now initiating a very thorough inquiry into the whole scheme. The results of the scheme have fallen very far short of the anticipations and the cost of the scheme has very largely exceeded the anticipations. One of the reasons for the unfavourable result is of course the very low price of agricultural produce now prevailing, which has made it almost impossible to dispose of land, but there are other reasons and other ways in which the scheme has failed to fulfil the original anticipations. The Government are very much concerned in the matter and an expert committee is now going to inquire into the whole business. The expert committee will start its work on the 20th of November.

Sir Muhammad Yakub: May I know if some of the water from the canal was given to some other State and not to the Bahawalpur Durbar?

The Honourable Sir George Schuster: I am not quite sure what my Honourable friend means by water from the canal. He will appreciate that the scheme depends on the waters of the Sutlej, and the waters of the Sutlej are used for a very large number of schemes.

Mr. President: I should like to invite the attention of Honourable Members to the Rules and Standing Orders, which prohibit this Assembly from inquiring into the internal administration of Indian States. It was after very careful consideration that I admitted the question on the ground that it related to monies of the Indian tax-payer advanced to an Indian State. I held that Honourable Members were entitled to ask

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QUESTIONS AND ANSWERS.

1535

for information in regard to Indian revenues. I must, therefore, ask Honourable Members, in putting supplementary questions to restrict themselves to asking for information in regard to Indian monies lent to the State. As regards the internal administration of the State, no supplementary question will be allowed.

Mr. B. Das: Do I understand that the Government of India apply no control to loans asked for by Local Governments, and that they allow them to increase those loans according to their own will when their original estimates on capital projects go entirely wrong, as happened in the case of the Sutlej Valley Scheme?

The Honourable Sir George Schuster: I think, Sir, my Honourable friend's question is somewhat irrelevant. The question of control over loans by Provincial Governments does not arise out of the original question.

Mr. B. Das: Does it not arise out of the replies which my Honourable friend gave to the supplementary questions asked by my Honourable friend, Sir Muhammad Yakub, showing that the Punjab Government's estimates were entirely wrong?

Sardar Sant Singh: May I know if the interest on this loan has been regularly paid?

The Honourable Sir George Schuster: The interest on the capital cost of the scheme during the period of construction is treated as capital expenditure and debited to capital.

Sardar Sant Singh: Is it intended to wipe out any part of the deficit?

The Honourable Sir George Schuster: No. No part of the debt has been wiped out yet. The scheme has not yet reached the fully productive stage.

Sardar Sant Singh: Do the Government intend to write-off some portion of this debt?

The Honourable Sir George Schuster: That is a question which it is impossible to answer until we have received the expert report on the scheme which will shortly be undertaken.

Mr. Gaya Prasad Singh: What is the security on which this money has been advanced to the Bahawalpur State—security with regard to the safety of the Indian tax-payer's money?

The Honourable Sir George Schuster: There is no specific security, in the sense that there are no specific assets which have been pledged as security for the loan. The loan takes the ordinary form of an advance to a Government. It is generally secured on the revenues of the State.

Mr. Gaya Prasad Singh: What is the revenue of the State?

The Honourable Sir George Schuster: I have already informed the Honourable Member that I must ask for notice of that question.

Dr. Ziauddin Ahmad: Is it not a fact that Government forced this loan upon the Bahawalpur State?

The Honourable Sir George Schuster: I do not quite appreciate the sense of that question. The loan was applied for by the State. The whole negotiations took place a number of years ago. I do not think my Honourable friend has got any reason for suggesting that the loan was forced on the State.

SALT PRODUCTION AT PACHBADRA.

1151. ***Mr. B. Das:** (a) Will Government be pleased to state what steps they have taken with regard to larger production at the Pachbadra salt works, the releasing of Pachbadra from the authority at Sambhar, and the two experiments indicated in the report of the Sir Chunilal Mehta Committee?

(b) Will Government be pleased to state whether they have communicated with the Jodhpur Darbar with regard to the extension of sidings required at Pachbadra as recommended in the report of the Sir Chunilal Mehta Committee?

The Honourable Sir George Schuster: (a) Several investigations have been instituted. Arrangements are being made with the Survey of India Department for the carrying out of a topographical survey; samples of crushed Pachbadra salt have been despatched to Calcutta with a view to testing the market; negotiations with railway authorities regarding freight rates have been started; the lay-out of sidings is under negotiation with the Jodhpur-Bikaner Railway administration; and the question of devising a portable type of crushing machine is being examined.

The Government of India have no intention of removing Pachbadra from the control of the General Manager, Rajputana Salt Sources, whose office is at Sambhar.

(b) As already stated, this subject is being discussed with the administration of the Jodhpur-Bikaner Railway. The occasion has not yet arisen for communicating with the Durbar.

REVENUE DERIVED FROM INCREASED DUTY ON IMPORTED SALT.

1152. ***Mr. B. Das:** Will Government be pleased to state how much extra revenue has been derived on account of the increased duty on imported salt, how much of this has been appropriated to revenue, how much given to Bengal, and how much it is proposed to spend for increasing the supplies of salt from the Rajputana salt centres?

The Honourable Sir George Schuster: Rs. 9,27,629-14-0 have been collected as additional duty on imported salt up to the end of September, 1931.

Seven-eighths of the additional duty will be distributed among the provinces consuming imported salt, but the manner in which the money will be distributed has not yet been settled. The remaining one-eighth will be utilized for developing salt sources in Northern India and for making investigations about the possibility of developing sources in other parts of India. Nothing has so far been spent on this account.

ANNUAL SUBVENTION GIVEN TO IMPERIAL AIRWAYS LTD.

1153. ***Mr. B. Das:** Will Government be pleased to state what is the annual subvention given to the Imperial Airways, Ltd., for how many years there is a contract between Government and them, and whether, in view of the financial stringency, it is proposed to continue this subvention?

The Honourable Sir Joseph Bhore: The agreement between the Government of India and Imperial Airways Limited for the charter of an aeroplane, for the operation of the Karachi-Delhi section of the Indian State Air Service, was entered into with effect from the 30th December, 1929, and provides for the following payments by Government to the Company:—

	£
Fixed monthly charges	1,500
Charges for completed flights @	162-10 per flight.

The Charter Service will cease on the 29th December, 1931, the date of termination of the agreement. It is not proposed to renew the agreement.

COST OF OFFICIAL DELEGATIONS TO THE LEAGUE OF NATIONS AND OTHER CONFERENCES.

1154. ***Mr. B. Das:** Will Government be pleased to state the cost of official delegations to the League of Nations and all other conferences, at which India was officially represented, during the official year 1930-31, and the figure for such expenditure budgeted during the current year?

Sir Lancelot Graham: The information is being collected and will be supplied to the Honourable Member in due course.

REVISION OF THE CAPITATION GRANT.

1155. ***Mr. B. Das:** Will Government be pleased to state, giving comparative figures for the last three official years, the saving to India from the revision of the capitation grant during the current year and during the forthcoming year?

Mr. G. M. Young: The Honourable Member is referred to the Finance Member's speech in this Assembly on the 10th March, 1931, reported at pages 1834 and 1835 of the proceedings for that day, which explains the position regarding capitation charges. No decision has yet been reached.

The following amounts were paid to His Majesty's Government on this account:

	£
1928-29	1,503,000
1929-30	1,506,000
1930-31	1,510,000

Mr. B. Das: May I inquire how long this knotty problem will take to be settled between the Government of India and the War Office—this question about the capitation charges? Is it not a matter of very long standing?

Mr. G. M. Young: It is a matter of long standing, but I am unable to say how much longer it will take.

Mr. B. Das: Who is to be blamed, the Government of India or the War Office, regarding this delay? Who does not want to settle it?

Mr. G. M. Young: That, Sir, is a matter of opinion.

Sir Hari Singh Gour: May I beg to inquire if it is not a fact that pending the settlement of this question, the Government of India have been paying the capitation charges from year to year for the last 20 years?

Mr. G. M. Young: I am afraid I shall have to ask for notice of that question.

Sir Hari Singh Gour: Is not the Honourable Member aware of the fact that even year before last and last year this question was raised on the floor of the House and that the Honourable the Finance Member assured this House that the matter would be dealt with by an impartial tribunal which was proposed to be set up?

An Honourable Member: Immediately.

Sir Hari Singh Gour: I am not sure about "immediately", but it was proposed to be set up. I wish to know as to what steps have been taken to safeguard the interests of the Indian tax-payer by setting up an impartial tribunal. Have not the Government protested against a payment being made, the validity or legality of which has been questioned?

Mr. G. M. Young: It is difficult for me to answer all those questions at one time.

Sir Hari Singh Gour: Does the Honourable Member want me to put one question at a time? (Mr. G. M. Young nodded assent.) Very well, my first question is, what steps have the Government of India taken since the statement was made by the Honourable the Finance Member that the question as regards the payment of the capitation charges would be decided by an impartial tribunal to be set up?

Mr. G. M. Young: I am not in a position to disclose the correspondence that has taken place between His Majesty's Government and the Government of India at the present stage. As soon as the Government are able to make a statement, they will do so.

Sir Hari Singh Gour: That hardly answers my question. My next question is: Why have not the Government of India withheld the payment of these capitation charges on the ground that unless its validity is established the liability is not incurred?

Mr. G. M. Young: The Honourable Member has pointed out that this capitation payment has been made for the last twenty years at least. It seems to me, therefore, to rest upon the Government of India to establish why it should cease to be paid rather than on somebody else to show why it should continue.

Sir Hari Singh Gour: Have not the Government contended this liability to pay this capitation charge for twenty years, that they have been paying them in spite of protest and that they have taken no action to withhold payment though they were entitled to do so under the constitution?

Mr. G. M. Young: That appears to me, Sir, to be a matter of opinion.

Sir Hari Singh Gour: How can it be a matter of opinion? I ask a plain question of fact: that is, how have you protected the revenues of India in not refusing to pay the amount the liability of which you have challenged all along? That is the question. I understand from the

Honourable Member nodding his head that he is not in a position to give any reply. Am I to understand that he feels that he is cornered and that he has no reply to give?

The Honourable Sir George Schuster: Perhaps I may give the Honourable Member a short explanation on the question. In the first place, there is no question of legality in this case. The Government of India as far as I know have never been in a position to dispute the legality of the charge. The question is whether it is a fair charge to be put upon the Indian tax-payer. The Government of India have consistently represented the arguments on behalf of the Indian tax-payer. It has now been accepted by the British Government that the case is one for inquiry by an impartial tribunal. My Honourable friend will recollect that after I made a statement in the House in the course of the debates on the Finance Bill in March last, the late Secretary of State for India made a public statement to the effect that His Majesty's Government had decided to set up an impartial tribunal to inquire into this question. The arrangements, the terms of reference, the constitution and all sorts of other details in connection with this impartial tribunal are matters which require a great deal of discussion. They have been constantly under discussion between the Government of India and His Majesty's Government since that statement was made; but I think my Honourable friend will appreciate that, with the constant changes in ministers at home and the disturbed political situation in England there has been a certain amount of delay in proceeding with this matter. I might also add that the Government of India took the view that perhaps it was not unwise to allow the matter to be postponed for a few months because certain representatives at any rate of the Indian public took the view that the matters which would arise in connection with this tribunal were closely concerned with constitutional issues which may come under discussion at the Round Table Conference, and the view certainly has been represented in a good many influential quarters that it would be unwise to set up the tribunal until the current session of the Round Table Conference had concluded. I put that forward as one reason why we have felt that it was not entirely contrary to the interests of India that there should be a certain amount of delay. I think I have given all the information that it is possible to give on the subject at present; but I would assure the House that the matter has the constant attention of the Government of India and that we hope that there will be in the near future some further step taken in the matter.

Sir Hari Singh Gour: May I ask the Honourable the Finance Member whether in view of the fact that the Government of India has been paying these capitation charges under protest for a series of years, the tribunal will deal not only with the prospective liability of the Government of India but also with the question of refund of all arrears paid by the Government of India to the British Government on this account? (*Opposition cries of "Hear, hear".*)

The Honourable Sir George Schuster: As I informed the House when I made the statement in March, it has been laid down in our discussions with His Majesty's Government that any award which is given by this tribunal shall have retrospective effect up to the date when the discussion was taken up in its present form. I cannot recall to memory the exact date, but I think I am correct in stating that it will have retrospective

effect to the 31st March, 1926. I think that is correct, but I speak subject to verification when I look up the papers; but I made the point quite clear when I made the statement in March that we were not losing any money by this delay: if the award goes in our favour we shall have the advantage of it from that date.

Mr. T. N. Ramakrishna Reddi: In view of the fact that the British Government thought it necessary to refer the matter to the investigation of an impartial tribunal, will not the Government of India refuse to pay the capitation charges hereafter until the award is given, as a measure of retrenchment?

The Honourable Sir George Schuster: I should be very glad if the Government could take any step of retrenchment; but at present the claim is a claim which is legitimately made upon us and we regard it as one of our just debts; and I should be very sorry if the Government adopted a form of retrenchment which involved refusal to pay its just debts.

CASUALTIES IN THE BURMA REBELLION.

1156 ***Mr. B. Das:** Will Government be pleased to state the number of casualties of (1) combatants, and (2) non-combatants on the Government side, and (3) "rebels", up to the date when they have the latest information from the beginning of the trouble in Burma?

The Honourable Sir James Orerar: The figures reported up to the 8th October, 1931, are as follows:

- (1) Combatants (*i.e.*, military and police), 160
- (2) Non-combatants (other Government servants and headmen), 30.
- (3) Rebels, over 2,000.

Mr. Lalchand Navalrai: Will the Honourable Member be pleased to say what are the latest steps taken by Government to remove the root causes of this trouble in Burma?

The Honourable Sir James Orerar: I must invite the Honourable Member's attention to the statements which have been made repeatedly in this House on the general aspects of the problem.

Mr. Lalchand Navalrai: I am asking for the latest one: that was the same reply given to me in the last session.

The Honourable Sir James Orerar: It is constantly engaging the attention of the Local Government and the Government of India.

Mr. Lalchand Navalrai: Do the Government of India see only the rebels on one side and the people on the other side fighting or are they taking any special action to stop this trouble?

The Honourable Sir James Orerar: I think that question is adequately answered in the statements that have already been laid before the House.

MILITARY CHARGES IN CONNECTION WITH THE BURMA REBELLION.

1157. ***Mr. B. Das:** Will Government be pleased to give the approximate cost of additional military charges of mobilisation and effective charges of operations from the beginning of the trouble in Burma up to the latest date when information is available?

Mr. G. M. Young: The compiled cash expenditure up to the end of July, 1931, is Rs. 2·33 lakhs. To this should be added the cost of transportation of troops to Burma, which is estimated at approximately Rs. 3½ lakhs, and the cost of stores in respect of which no reliable estimate can be given until the operations are ended.

†1158.

MEMBERS APPOINTED TO THE POSTAL RETRENCHMENT SUB-COMMITTEE.

1159. ***Mr. M. Maswood Ahmad:** (a) Is it a fact that the Postal Retrenchment Sub-Committee consists of some Members of the Legislative Assembly?

(b) Is it a fact that the Committee is sitting during hours of the Assembly meeting?

(c) Was there any protest against holding the sitting during Assembly hours?

(d) Is it a fact that some Assembly Members of the Committee have not been able to attend the Sub-Committee meetings?

(e) What is the reason for putting Assembly Members on the Postal Sub-Committee when the meetings of the Sub-Committee are held during Assembly hours?

(f) Is it a fact that besides the Assembly Members of the Sub-Committee, there is only one official, a nominated Member of the Council of State, and one European commercial man and no representative of the people?

The Honourable Sir George Schuster: (a) Yes.

(b) The Committee, which has dispersed now, sat both during and outside the hours of the Assembly meetings.

(c) It is understood that when the matter was discussed by the Sub-Committee before the opening of the Assembly session, two Members stated their inability to attend to the Sub-Committee's work during the Assembly season.

(d) It is understood that one Member of the Sub-Committee was not able to attend the Sub-Committee's meetings after the opening of the Assembly excepting on one occasion.

(e) In view of the reply to (c), the question does not arise.

(f) The constitution of the Sub-Committee was settled by the main Retrenchment Advisory Committee, the appointment of which was approved by a Resolution in this Assembly for the purpose of advising the Government on the appointment of Committees to carry out the actual retrenchment enquiries. The Government have, therefore, followed the procedure approved by this Assembly in the matter.

ARMED FORCES LOCATED IN CHITTAGONG. .

1160. ***Mr. S. C. Mitra:** (a) Will Government be pleased to state if the expenses for pay, etc., of the armed forces at present located in Chittagong are borne, in full or in part on the army estimate?

(b) Are these forces ever employed in other places outside Bengal, viz., the Eastern Frontier?

(c) Is it a fact that these armed forces are officered by the Indian Army officers whose pay is borne on the army estimate of India?

The Honourable Sir James Crerar: (a) There are no troops at present in Chittagong, the cost of which is borne by the Army estimates.

(b) The forces at Chittagong are armed police forces which may be employed under the orders of the Local Government concerned anywhere within its jurisdiction, or their services may by mutual arrangement be lent to another Local Government.

(c) The force is officered by a certain number of officers seconded from the Indian Army, but their pay is borne by the Local Government.

APPOINTMENT OF INDIANS TO CERTAIN POSTS.

1161. ***Mr. B. Das:** (a) Will the Government of India please state the number of Indians who have been appointed to the following posts during the last five years:

1. Financial Adviser, Military Finance,
2. Deputy Financial Advisers, Military Finance,
3. Deputy Financial Adviser, Royal Air Force.
4. Military Accountant-General,
5. Deputy Military Accountant-General (Senior),
6. Deputy Military Accountant-General (Junior), and
7. Assistant Military Accountant-General?

(b) Will Government please state if any Indians are still holding any of the posts referred to in part (a)?

(c) If not, are Government prepared to consider the advisability of appointing Indians to some of these posts?

The Honourable Sir George Schuster: (a) No Indians have been appointed in the posts mentioned during the last five years except one as Deputy Financial Adviser, Military Finance.

(b) The reply is in the negative.

(c) The posts referred to are filled by selection from officers of the Military Accounts Department. There are at present no Indian officers in the Military Accounts Department of sufficient seniority to hold any of the senior posts. The post of Assistant Military Accountant General is filled by selection from Class II Officers of the Military Accounts Department, whether European or Indian, and the claims of Indian officers for appointment to that post are considered along with those of others.

Mr. B. Das: May I inquire if there is no such practice as transfer of services from the general Accounts Department to the Military Accounts Department?

The Honourable Sir George Schuster: I think I could have given my Honourable friend a more certain answer if I had notice of this question, but my impression is that the practice has not been to undertake any transfers of that kind; but I would like to look up the point and I will communicate with my Honourable friend.

EXTENSIONS OF SERVICE GRANTED TO MILITARY ACCOUNTS OFFICERS.

1162. ***Mr. B. Das:** (a) Is it a fact that the tenure of the following appointments is for three years: (1) Military Accountant-General, and (2) Command Controllers of Military Accounts?

(b) Is it a fact that the military officers of the Military Accounts Department who have completed their tenure are expected to retire from service, if no other appointment is available for them?

(c) Will Government please state the names of officers who have been given extensions of service on completion of their tenure of the appointments mentioned in the preceding question during the last ten years?

The Honourable Sir George Schuster: (a) When the appointments are held by military officers, the answers are in the affirmative. When the appointments are held by Civilian officers the answer is in the negative.

(b) The answer is in the affirmative.

(c) The Honourable Member presumably refers to the appointments of Military Accountant General and Command Controllers, if so, the names of officers who were granted extensions are:

- (1) Colonel A. W. Daldy.
- (2) Colonel D. A. E. Will.
- (3) Lieutenant-Colonel H. F. Shairp.
- (4) Lieutenant-Colonel E. S. J. Anderson.
- (5) Lieutenant-Colonel H. C. Stevens.
- (6) Colonel G. W. Rcsc.
- (7) Lieutenant-Colonel H. N. F. MacDonnell.
- (8) Lieutenant-Colonel W. V. Richards.
- (9) Lieutenant-Colonel L. F. G. S. Wyldc.

The extensions of tenure were formal extensions for short periods to regularise leave which the officers had earned during the tenure but which had had to be refused to them for administrative reasons.

EXTENSIONS OF SERVICE GRANTED TO MILITARY ACCOUNTS OFFICERS.

1163. ***Mr. B. Das:** Will the Government of India please give the names of superior service officers of the Military Accounts Department who have been given extensions of service on completing the age of 55 years since 1st January, 1920, showing the period of extension of service in each case?

The Honourable Sir George Schuster: The particulars are as follows:

Name.	Period of extension after 1st January, 1920.		
	Years.	Months.	Days.
Mr. G. H. Cockman	2	3	..
Mr. T. C. Cooke	1	5	..
Mr. W. G. Wells	7	4
Mr. H. D. Gracias	2
Mr. P. R. Vengu Aiyer	1	8	13
Mr. H. S. Cumber	2	2	15
Lieut.-Colonel H. Murray	6	11

**APPOINTMENT OF INDIANS OF THE INDIAN MEDICAL SERVICE AT ARMY
HEADQUARTERS AND COMMAND HEADQUARTERS.**

1164. ***Mr. B. Das:** (a) Will Government please state the number of Indians of the Indian Medical Service who have been appointed to any of the staff appointments at (i) Army Headquarters, and (ii) Command Headquarters? If not, why not?

(b) Are Government prepared to consider the desirability of appointing a sufficient number of Indians to such appointments?

Mr. G. M. Young: (a) None, but 5, 6 and 4 administrative appointments in Districts were held by Indians in 1929, 1930 and 1931 respectively.

(b) The posting of officers is regulated by administrative requirements. Government are not prepared to reserve posts at particular headquarters for Indians.

**APPOINTMENT OF INDIANS TO STAFF APPOINTMENTS AT ARMY, COMMAND
AND DISTRICT HEADQUARTERS.**

1165. ***Mr. B. Das:** (a) Will Government please state the number of Indians holding the King's commission who have been appointed to staff appointments at (i) Army Headquarters, (ii) Command Headquarters, and (iii) District Headquarters?

(b) If the answer to part (a) be in the negative, will Government please state their reasons?

Mr. G. M. Young: (a) (i). Three.

(ii) Two.

(iii) None.

(b) Does not arise.

EXTENSIONS OF SERVICE GRANTED TO MILITARY ACCOUNTS OFFICERS.

1166. ***Mr. B. Das:** (a) Will Government please state the amount of pensions which the officers mentioned below were entitled to on attaining the age of 55 years and the rates of pensions they were actually given after extensions of their service:

1. Financial Adviser, Military Finance,
2. Deputy Financial Advisers, Military Finance,
3. Deputy Financial Adviser, Royal Air Force,
4. Military Accountant-General,
5. Deputy Military Accountant-General (Senior),
6. Deputy Military Accountant-General (Junior), and
7. Assistant Military Accountant-General?

(b) Will Government please state the total amount of extra expenditure involved to the State on account of extensions of service of these officers?

The Honourable Sir George Schuster: (a) Since 1st January, 1920, no officer holding any of these appointments has been given an extension after he reached the age of 55 years.

(b) The question does not arise.

APPOINTMENT OF MILITARY OFFICERS TO THE MILITARY ACCOUNTS DEPARTMENT.

1167. ***Mr. B. Das:** (a) Is it a fact that under orders of Lord Morley the recruitment of military officers to the superior service staff of the Military Accounts Department since 1908 has been abolished?

(b) Is it a fact that no military officers were appointed to the Military Accounts Department during the period 1910 to 1929?

(c) Is it a fact that a military officer was appointed in 1930?

(d) If so, will Government please give reasons for the same?

The Honourable Sir George Schuster: (a), (b) and (c). The answers are in the affirmative.

(d) The appointment was made with the approval of the Secretary of State in the interests of the State. It was considered that the Service would be strengthened by an occasional appointment of an officer with military experience, if a suitable candidate were available.

PRISONERS WHIPPED IN THE PESHAWAR JAIL.

1168. ***Maulvi Sayyid Murtuza Saheb Bahadur:** (a) Is it a fact that certain political prisoners were on hunger strike in Peshawar Jail? If so, how many and from what date?

(b) Is it not a fact that they went on hunger strike because they were whipped? If so, will Government give reasons for whipping?

(c) Will Government be pleased to mention:

- (i) the names of prisoners whipped in jail,
- (ii) how many times each person was whipped, and
- (iii) how many stripes were given on each occasion?

(d) Is it not a fact that in Baffa, Tehsil Mansera, District Hazara, political prisoners were made absolutely naked and whipped for shouting *Allah-o-Akbar*? How many persons were so whipped?

(e) Is the Gandhi-Irwin Pact still in force? Are the North-West Frontier Province Congress volunteers excluded from this Pact?

(f) Is it not a fact that the Government of India decided in connection with certain cases which occurred in Bengal that political prisoners should not be whipped for offences against jail rules?

Mr. E. B. Howell: (a) Three prisoners convicted of political offences were on hunger strike for three days from the 18th to 20th September.

(b) No. They, together with a few ordinary prisoners, went on hunger strike on the ground that certain other prisoners who were admitted into jail on the evening of the 17th September had been ill-treated. The latter created a disturbance in jail that evening, they shouted revolutionary cries and refused to stop when ordered to do so; they threw bricks and other missiles some of which struck an Assistant Jailor. A magisterial enquiry found that the grievances preferred by the recalcitrant prisoners were false and the Magistrate gave orders for five ordinary prisoners to be given 25 lashes each for breach of jail discipline.

(c) (i) Usman, Nawab, Mohammed Afzal, Behram and Badshah.

(ii) Once.

(iii) Twenty-five stripes each.

(d) It is not a fact. The facts are that during the night of 15th September, certain prisoners who had been sent in from Mansehra to Ahbotabad jail kept up shouts of "*Inqilab Zindabad*" and were warned by the jail officials to desist. On the 16th morning, they again received a formal warning to the same effect. On the evening of the 16th, the same disorderly behaviour was repeated. Eleven of them were therefore placed in solitary confinement. On the morning of the 17th, they apologised and gave definite promise of good behaviour and were released from solitary confinement and sent to the main cells. They were at the same time warned that any disturbance made by them outside the jail compound would be punished. In spite of this warning, they again created considerable disturbance near the Kutchery on the 18th morning, and with the Deputy Commissioner's approval, twelve men were whipped and given separate confinement. Two were given 15 strokes each and the remainder ten each. It is not a fact that the prisoners were stripped naked.

(e) I would refer the Honourable Member to the letter from His Excellency the Viceroy to Mr. Gandhi, dated the 19th of August, 1931, which contains a statement, of general application, of the policy of Government. A copy of this letter is laid on the Table.

(f) The facts are not as stated by the Honourable Member.

LETTER FROM HIS EXCELLENCY THE VICEROY, TO M. K. GANDHI, Esq., DATED CALCUTTA, THE 19TH AUGUST, 1931.

I have to acknowledge receipt of your letter of August 14th, with regard to the first paragraph of which I desire to assure you that my replies to you were based entirely upon the direct communications which passed between him and you or between you and the Governor of Bombay.

2. With regard to the rest of your letter, it appears to me to be necessary to make clear the position of Government in order to avoid any possible cause of future misunderstanding. Your letter proceeds on the assumption, which Government cannot possibly accept, that while they have been guilty, not only of breaches of specific provisions of the Settlement, but also of a general policy of oppression against Congress, the latter have observed both the letter and spirit of the Settlement. As you are aware, the position consistently taken by Government during the past 5 months and, in particular in the conversations that have taken place between yourself and Mr. Emerson, has been that the activities of Congress in many directions have been contrary both to the letter and the spirit of the Settlement, and that they have involved a constant menace not only to the continuance of the Settlement, but to the maintenance of peace. I would refer particularly to activities in the United Provinces and the North-West Frontier Province. In dealing with particular situations so created, local Governments, with the approval of the Government of India, have endeavoured to restrict their action to the clear necessity of the specific situation, and they have avoided resort to special measures. In so far as they have taken action in such circumstances under the ordinary law, this has been forced upon them by the activities of Congress, and it appears to me to be a complete misreading of the situation to suggest that there has been either any absence of good will on the part of local Governments in working the Settlement or any "design to crush the Congress workers and the normal Congress activities". On the contrary, as I believe you will recognise, many matters not specifically covered by the Settlement have come under discussion and solutions proposed, in the hope of creating an atmosphere of mutual understanding, which it has been the constant endeavour of Government to secure. In fact, many of the matters raised in our recent correspondence are of this character.

3. In regard to the situation created by the refusal of Congress to be represented at the Round Table Conference, I would observe that, as you will no doubt recognise, this refusal involves the failure of one of the main objects which the Settlement was intended to secure.

4. So far as the attitude of Government towards the Settlement is concerned, it appears relevant to consider the obligations imposed on them by its terms. These are stated in paragraphs* 10—20 of the Statement of March 5th, 1931, and, with the exception of the provisions of paragraph 20, relate to matters of which the cause for remedial action, if any, has already arisen.

*NOTE.—Paragraphs 10 to 20 of the Statement of 5th March, related to the following matters:—

Paragraph 10.—Withdrawal of Ordinances promulgated in connection with the civil disobedience movement.

Paragraph 11.—Withdrawal of notifications issued under the Indian Criminal Law Amendment Act, 1908, in connection with civil disobedience movement.

Paragraph 12.—Withdrawal of pending prosecutions and proceedings.

Paragraph 13.—Release of prisoners.

Paragraph 14.—Return and remission of fines.

Paragraph 15.—Withdrawal of additional police imposed in connection with civil disobedience movement at the discretion of local Governments and remission of cost where that was not realised.

Paragraph 16.—Return of moveable property seized or forfeited and still in the possession of Government.

Paragraph 17.—Return of immoveable property taken possession of under Ordinance IX and other such property in the possession of Government forfeited or attached in connection with the realisation of land revenue or other dues.

Paragraph 18.—Enquiry into specific complaints in regard to cases in which the realisation of dues has not been made in accordance with the provisions of the law.

Paragraph 19.—Reinstatement of officials who resigned their posts where such posts had not been permanently filled, if application were made for reinstatement.

Paragraph 20.—Concession in regard to salt.

With regard to action under paragraphs 10—19, the Government of India will, in consultation with local Governments, secure observance of the Settlement in any cases where it is established that remedial action was due under the Settlement and has not been taken. They have no intention of revoking the salt concession for which provision was made in paragraph 20. For the rest the Settlement involved no suspension or abrogation of the ordinary law and left complete discretion to the Government of India and local Governments to take what measures might be necessary to deal with particular situations. It is the intention of the Government of India to pursue the policy they have hitherto followed, to restrict action to the requirements of the specific situation, and, in particular, to avoid resort to special measures so far as this is possible. But so far as this action may relate to the activities of the Congress, its nature and extent must depend primarily on the nature of those activities, and the Government of India are unable to fetter their discretion or that of local Governments in this respect.

As you have released to Press your letter to me of August 14th, I propose to similarly release this reply.

Sir Abdur Rahim: Do the same rules regarding whipping of political prisoners apply to all jails in India or they are only peculiar to North-West Frontier Province?

Mr. E. B. Howell: The same rules apply throughout British India.

Sir Abdur Rahim: As regards Bengal, was not an order passed by the Government of India prohibiting whipping of political prisoners except in some special cases? Does that order apply to North-West Frontier Province or not?

The Honourable Sir James Crerar: The position is that rules relating to whipping may vary to some extent in detail in different provinces, but they are under the general control of the Government of India. There is no rule which exempts any class of prisoners from liability to this form of punishment for serious infractions of jail discipline.

Sir Muhammad Yakub: Is the same treatment given to prisoners in other provinces for similar offences similar to those committed by these prisoners in the Frontier Province?

The Honourable Sir James Crerar: Any prisoners who is guilty of serious offences against jail discipline in other provinces liable to this punishment.

Sir Muhammad Yakub: My point is, was similar punishment given to other political prisoners in other provinces for offences similar to those committed by the prisoners in the Frontier Province?

The Honourable Sir James Crerar: I think the Honourable Member is really putting a hypothetical question. If there is any particular instance which he has in mind and brings it to my notice, I will endeavour to reply.

Sir Muhammad Yakub: May I know what punishment was awarded to the political prisoners in the Meerut conspiracy case for shouting revolutionary slogans and for refusing to attend the court?

The Honourable Sir James Crerar: My reply refers, as the supplementary question refers, to offences committed against jail discipline. I think the Honourable Member's question refers to behaviour of certain political prisoners in court, which is a different matter.

Sir Muhammad Yakub: I refer to their behaviour in jail in refusing to come to the court and in shouting slogans like "*Inqilab Zindabad*"?

The Honourable Sir James Orerar: I think, Sir, the instance to which the Honourable Member refers has been the subject of questions and answers in this House, and I would refer him to the replies given to the questions on the subject.

Dr. Ziauddin Ahmad: The case of Baffa prisoners is almost identical to the case of Meerut conspiracy case prisoners, because the people only shouted while they were on trial and with the permission of the Deputy Commissioner they were whipped without any trial. Is this not differential treatment?

The Honourable Sir James Orerar: If the Honourable Member wishes me to give a detailed reply on the matters to which he has referred, I must ask him to give me notice. I cannot undertake to give replies on all cases in which the question of jail discipline has arisen in reply to a supplementary question on this occasion.

Dr. Ziauddin Ahmad: The Foreign Secretary clearly stated that certain prisoners in Baffa shouted "*Inqilab Zindabad*" and that they were whipped with the permission of the Deputy Commissioner. Is this not differential treatment?

The Honourable Sir James Orerar: I do not understand what the Honourable Member means by differential treatment,—differential with reference to what?

Dr. Ziauddin Ahmad: By differential treatment, I mean that prisoners in Baffa were whipped for the same crime for which prisoners in Meerut jail were not whipped?

The Honourable Sir James Orerar: I think the Honourable Member will understand that decisions in these matters must be taken according to the merits of each case.

Mr. C. S. Ranga Iyer: Is it not a fact that communal considerations do not enter into the question of punishing prisoners within the jails for their conduct?

The Honourable Sir James Orerar: The Honourable Member is entirely correct.

Mr. Lalchand Navalrai: Will the Honourable Member be pleased to say whether there is not a strong remedy short of whipping, which will serve the same purpose as whipping in these days, I mean in the jail rules?

The Honourable Sir James Orerar: I think not. I should be glad to receive any suggestions on the subject which the Honourable Member has to offer.

Mr. Lalchand Navalrai: I expect the rules must provide for it.

APPOINTMENT OF ADVISORY BOARDS IN CANTONMENTS.

1169. ***Mr. B. Das:** (a) Is it a fact that ever since the recent introduction of reforms in the Cantonment Act a number of cantonments have been placed under the category of Corporation Sole, and that Subathu is one of them?

(b) Is it a fact that representation was made through the All-India Cantonment Association last year to the Army Secretary to provide Advisory Boards to the Corporation Sole?

(c) Is it a fact that the Army Secretary was pleased to give an assurance at that time that Advisory Boards would be given soon?

(d) Will Government be pleased to state what steps, if any, have been taken since then to translate the Army Secretary's assurance into action? If no steps have been taken, why?

(e) Will Government be pleased to state if they propose to make good the assurance of the Army Secretary referred to in part (c)?

Mr. G. M. Young: (a) Under the Cantonments Act, 1924, the Governor-General in Council is empowered to decide whether a cantonment shall be administered by a Board or not. The general principle governing the matter is that the larger and more important cantonments are administered by a Board, and the smaller and less important cantonments, whose civil population is insufficient to furnish an adequate electorate, are administered by Corporation Sole. There are 46 larger cantonments administered by Boards, and 40 smaller cantonments, including Subathu, administered by Corporation Sole.

(b) The Honourable Member is referred to my reply to starred question No. 712 asked by Khan Bahadur Haji Wajihuddin on the 22nd September, 1931.

(c) No, Sir.

(d) and (e). Do not arise.

TAXES COLLECTED IN SUBATHU CANTONMENT.

1170. ***Mr. B. Das:** (a) Will Government be pleased to state the total amount of taxes collected yearly from Subathu:

(i) prior to the reforms made in the Cantonment Act,

(ii) during the last few years beginning from the time Subathu was made a Corporation Sole and ending with the year 1930-31?

(b) If the reply to part (a) shows an increase in the amount of taxation after Subathu was made a Corporation Sole, will Government be pleased to state the reasons for the same?

(c) Will Government be pleased to state the incidence of cantonment taxes including the water rate per head in Subathu?

Mr. G. M. Young: (a) I lay a statement on the table:

Year.	Amount.		
	Rs.	a.	p.
(i) 1921-22	6,951	9	8
1922-23	6,386	15	6
1923-24	6,538	6	10
(ii) 1924-25	6,826	5	2
1925-26	6,788	8	5
1926-27	6,952	3	10
1927-28	6,549	14	11
1928-29	7,372	1	3
1929-30	8,216	13	0
1930-31	9,205	14	0

(b) The increased receipts are due to fuller realisation of taxes and the imposition of higher rates of professional and scavenging taxes in 1929-30 and 1930-31, respectively. Owing to trade depression, the professional tax was reduced with effect from the 1st August, 1931.

(c) The incidence is Rs. 5-13-4 per head.

EXPENDITURE INCURRED BY THE CORPORATION IN SUBATHU.

1171. ***Mr. B. Das:** Will Government be pleased to state:

- (i) the total amount of yearly expenditure incurred by the Corporation Sole in Subathu,
- (ii) the amount spent for the benefit of the bazar area, and
- (iii) the amounts spent for the military area?

Mr. G. M. Young: I lay on the table a statement giving the figures for each year from 1924-25 to 1930-31. From this statement the Honourable Member will see that the expenditure on the bazar area during these years was considerably more than ten times the expenditure on the military area, and that the latter expenditure has been recovered from Government.

The following are approximate figures:

Year.	Item (i) Rs.	Item (ii) Rs.	Item (iii) Rs.
1924-25	14,026	8,118	640
1925-26	12,386	6,259	667
1926-27	12,095	5,739	651
1927-28	11,705	6,257	538
1928-29	13,318	6,770	700
1929-30	14,371	6,555	700
1930-31	18,644	10,015	721

The expenditure in the military area which was on account of conservancy services rendered to troops has been recovered from Government.

YEARLY GRANTS MADE TO SUBATHU CANTONMENT.

1172. ***Mr. B. Das:** (a) Will Government be pleased to state the amount of yearly grant made to Subathu:

- (i) during the five years preceding the institution of the Corporation Sole, and
- (ii) during the years after the institution of the Corporation Sole up to March, 1931?

(b) If the reply to part (a) shows a decrease in the amount of grant after Subathu was made a Corporation Sole, will Government be pleased to state the reasons for the same?

Mr. G. M. Young: (a) I lay on the table a statement giving the information required :

Year.	Amount. Rs.
(i) 1919-20	5,092
1920-21	9,031
1921-22	6,100
1922-23	5,860
1923-24	4,454
(ii) 1924-25	1,710
1925-26	1,090
1926-27	1,313
1927-28	1,339
1928-29	1,440
1929-30	Nil
1930-31	7,315 including a special grant of Rs. 3,730 for improvements to roads and drains in the neighbourhood of Sudder Bazar.

(b) The decreases are due to reduction of expenditure and to increase in receipts by fuller realisation of taxes and the imposition of higher rates of professional and scavenging taxes.

AMENITIES PROVIDED AND EXPENDITURE INCURRED BY THE SUBATHU CORPORATION.

1173. ***Mr. B. Das:** (a) Will Government be pleased to state the amenities of life provided by the Corporation Sole in Subathu, particularly in the bazar area?

(b) Will Government be pleased to state :

- (i) the yearly expenditure incurred on the establishment of the Corporation Sole, Subathu,
- (ii) what percentage does it bear to the total expenditure, and
- (iii) if there has been any increase under that head during the last few years; if so, why?

(c) Are Government prepared to take early steps to impress upon the Corporation Sole the advisability of reducing the expenditure of the establishment at Subathu?

Mr. G. M. Young: I lay on the table a statement giving the information required. With reference to part (c) of the question, it appears from the information received, that the establishment could not be reduced without serious loss of efficiency in the sanitary administration of the cantonment.

The following amenities of life are provided by the Corporation Sole in Subathu for the bazar area :—

- (1) Pipe water supply by means of hydrants and private pipe connections
- (2) Well supplied Cantonment Dispensary—Anti-Malaria measures.
- (3) Paved roads and pucoa drains.
- (4) Public group latrines.

(5) Removal and incineration of bazar rubbish.

(6) Of late a grant-in-aid of Rs. 200 per annum for the District Board School at Subathu.

(i) The average expenditure incurred on the establishment of the Corporation Sole for the last three years was Rs. 8,385 including the pay of an Executive Officer, Office and Hospital and outdoor staffs and conservancy sweepers and jemadars, etc.

(ii) At 54 per cent.

(iii) There has been an increase of Rs. 394 per annum as compared with the previous three years (1925-26 to 1927-28) under these heads due to the entertainment of two extra conservancy sweepers and the grant of small increments of pay to the Executive Officer, clerical and conservancy staff with effect from 1st October 1930.

The present establishment is small and on low scales of pay and it is considered could not be reduced without affecting efficiency. The remarks in Annual Inspection and Administration Reports are as follows:—

(i) *Inspection Report dated 25th to 28th November, 1930.*

Section I.—Office Administration.

* * * * *

Para. (8). The establishment is sufficient and satisfactory considering the low salaries paid.

(ii) *Administration Report for the year ending 31st March, 1930.*

General Administration.

* * * * *

In Colonel Lindesay's opinion the reduction of the pay of the clerical and outdoor staff effected a few years ago and the large reduction in the number of sweepers was a mistake. Some of the latter have had to be re-engaged already and more are required.

(iii) *Administration Report for the year ending 31st March 1931.*

General Administration.

* * * * *

An increment of pay was sanctioned during the year for certain of the clerical and outdoor staff whose rates of pay were considered too low, as an incentive to better work.

COLLECTION OF FEES FROM OUTPATIENTS OF THE CANTONMENT DISPENSARY AT SUBATHU.

1174. ***Mr. B. Das:** (a) Are Government aware that in the Cantonment Dispensary at Subathu a novel practice has been introduced of collecting two annas per head per day from outdoor patients? If so, will Government be pleased to state if that practice has been authorised and approved by Government, or the Corporation Sole has done it on its own responsibility?

(b) Are Government aware of the strong resentment felt by the residents of Subathu against this practice on the ground that it is another way of taxing the already taxed residents of Subathu? Do Government propose to take early steps to put an end to it?

Mr. G. M. Young: (a) I am informed that, as a measure of economy, it was decided to issue free medicines to poor residents only, and to charge those who could afford to pay.

(b) I am informed that the Cantonment Authority has received a representation from the residents of Subathu, to which it will give its careful consideration.

**COST OF WATER WORKS AND AMOUNT OF WATER TAX COLLECTED FROM THE
BAZAR AND MILITARY AREAS IN SUBATHU.**

1175. ***Mr. B. Das:** (a) Will Government be pleased to state:

(i) the total amount of initial cost incurred on the water works of Subathu, and

(ii) the amounts spent on the construction of the reservoir and mains meant to supply water to the bazar area?

(b) Will Government be pleased to state the yearly expenditure incurred on the upkeep and distribution of water till the year 1931 at Subathu?

(c) Will Government be pleased to state:

(i) the total quantity of water consumed during the year 1930-31 by Subathu,

(ii) the quantity of water consumed by the military area,

(iii) the quantity of water consumed by the bazar area,

(iv) the quantity of water consumed through private connections, and

(v) the quantity of water consumed through the water standposts?

(d) Will Government be pleased to state:

(i) the total amount of water tax collected in Subathu up till 1931;

(ii) the amount collected from the military area; and

(iii) the amount collected from the bazar area?

(e) Will Government be pleased to state the proportion of the water consumed by the two respective areas referred to in part (d) and the proportion of the revenues raised in 1930-31? If there be any disparity in the two proportions, will Government please explain its causes and do they propose to take early steps to remove the disparity?

Mr. G. M. Young: I lay on the table a statement giving the information required:

(a) (i) Rs. 1,23,569.

(ii) Rs. 22,608 on the reservoir: there is no separate record of the cost of mains for the bazar.

(b) The annual expenditure was as follows:

	Rs.
1923-24	9,035
1924-25	8,789
1925-26	9,971
1926-27	9,935
1927-28	12,282
1928-29	13,299
1929-30	13,354
1930-31	13,303

This expenditure does not include the cost of pumping water up to the Military Hospital, which is kept entirely separate in the accounts.

- (c) (i) 8,399,000 gallons.
 (ii) 3,460,000 gallons.
 (iii) 4,313,000 gallons.
 (iv) 626,000 gallons.
 (v) 4,313,000 gallons.
- (d) (i) Rs. 10,978 }
 (ii) Rs. 10,386 } in 1930-31.
 (iii) Rs. 592 }
- (e)

	Consumption Revenue (approximate).	
	Per cent.	Per cent.
Military consumers (excluding officers occupying private bungalows)	41.5	80
Bazar standposts	51	5
Private connections	7.5	15

The explanation of the disparity is that the yield from the water tax is very small, the major portion of the cost of water supplied through the standposts being borne by military and private consumers. The disparity could be removed by taking steps to increase the revenue from water tax to an amount proportionate to the consumption through the standpipes. The Cantonment Authority will be asked to consider the desirability of taking such action.

WATER RATES IN SUBATHU.

1176. *Mr. B. Das: (a) Will Government be pleased to state the cost of production per thousand gallons of water incurred by the Military Engineering Service in Subathu year by year during the last five years?

(b) Has there been any increase or decrease in the cost of production per thousand gallons in the year 1930-31?

(c) Will Government be pleased to state the rate of water rate per thousand gallons charged for private connections in the years 1928-29 and 1930-31 at Subathu?

(d) Is it a fact that the water rate has been increased by two hundred per cent. recently and the Military Engineering Service is now charging Rs. 3 per thousand gallons at Subathu? If so, why?

(e) Are Government prepared to direct the Military Engineering Service to revert to the old water rate with retrospective effect from the date of enhancement and order the refund of the increased tax realised owing to the enhanced rate?

Mr. G. M. Young: (a) to (c). I lay on the table a statement giving the information required.

(d) The answer is in the affirmative. The main reason for the increase is that supplies are now metered, whereas in 1928-29 the quantities consumed were mainly estimates and the cost of supplying 1,000 gallons was not known. In spite of the increased rate, the total recoveries are less than the cost of supplying the water consumed.

(e) The reply is in the negative.

Year.	Cost. Annas.
(a) and (b) 1926-27	16·86 }
1927-28	20·46
1928-29	17·23 } estimated.
1929-30	15·27
1930-31	25·34 }
	Rs.
(c) 1928-29	1
1930-31	3

TAXATION OF MOTOR VEHICLES.

1177. ***Mr. Goswami M. B. Puri:** Are Government contemplating legislation to have a uniform taxation of motor vehicles?

The Honourable Sir Joseph Bhoré: No.

TAXATION OF MOTOR VEHICLES.

1178. ***Mr. Goswami M. B. Puri:** (a) Is it a fact that a conference to consider the motor vehicle taxation is going to be convened at Simla or Delhi early next month?

(b) If the answer to the above is in the affirmative, are Government prepared to consider the desirability of calling the representatives of the taxi-drivers throughout India?

The Honourable Sir Joseph Bhoré: (a) and (b). No, but a committee of the Road Conference, which met in Simla in September last, is understood to have made a report to the Conference on certain aspects of motor vehicle taxation. The recommendations of the Conference will shortly be considered.

NON-GRANT OF LAST SATURDAY HOLIDAYS IN THE OFFICE OF THE DIRECTOR OF CONTRACTS, ARMY HEADQUARTERS.

1179. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that during the months of July, August and September, 1931, the Director of Contracts at the Army Headquarters has been making his whole office attend on last Saturdays, which were duly promulgated as entirely closed holidays?

(b) Is it a fact that the intention of the Home Department orders is that no clerk should be made to attend office on a closed holiday unless there is some very urgent work, in which case he should be granted a day's holiday in lieu during the next week?

(c) Is it a fact that, instead of officially cancelling those holidays in writing, the Director of Contracts caused through the medium of his Officer Supervisor to circulate verbal instructions that the whole office should attend on the closed holidays?

(d) Why was the whole office made to attend on all the past three last Saturdays?

(e) Are Government prepared to issue instructions to the Director of Contracts to desist from such practice in the future?

Mr. G. M. Young: (a) Yes.

(b) The orders are that, if a closed holiday is not observed as such by any department as a whole, a portion of the staff being compelled to remain on duty, a holiday on some other day may be granted in lieu, if and when the state of work permits, to those members of the staff who are required to come to office on the closed holiday. A whole holiday is, however, given in the summer months at the discretion of the head of the department, on the last Saturday of any month in which there is no closed holiday.

(c) Yes.

(d) Owing to the pressure of work.

(e) No; Sir.

GRANT OF RECOGNITION AND FACILITIES TO RAILWAY UNIONS.

1180. ***Lala Hari Raj Swarup:** (a) Are Government aware of the recommendations made by the Royal Commission on Labour in the matter of grant of recognition and facilities for organisation by the Railway Administrations to their employees' Unions?

(b) Are Government also aware of the resolution passed by the last session of the United Provinces Provincial Trade Union Conference expressing its sense of disapproval at the behaviour of the railway authorities for refusing facilities to Trade Unions?

(c) Are Government aware that every sort of facility in the shape of deduction of dues, grant of free passes to the members, etc., is allowed to railway institutes, co-operative credit societies and even to individual persons, viz., contractors, etc.?

(d) If the replies to parts (a), (b) and (c) are in the affirmative, will Government please state what action they have taken to carry out the recommendations of the Royal Commission on Labour and the wishes of the United Provinces Provincial Trade Union Congress? If, however, the replies be in the negative, are Government prepared to call for the said recommendations and take necessary steps to see that they are carried out immediately; if not, why not?

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

(c) Government are aware that certain limited facilities are given to railway institutes, Railway Co-operative Credit Societies, railway employees and railway contractors.

(d) The recommendations of the Royal Commission on Labour are under consideration. Government do not propose to take any action on the resolutions of the United Provinces Provincial Trade Union Congress.

RECOGNITION OF THE OUDH AND ROHILKHAND AND KUMAON RAILWAY UNION.

1181. ***Lala Hari Raj Swarup:** (a) Are Government aware that the Agent, Rohilkhand and Kumaon Railway, is not favourable towards the Union of the employees in that Railway and that he has declined to accord even recognition to the Union, although it is a registered body under the Trade Unions Act?

(b) Are Government also aware that the Agent, Rohilkhand and Kumaon Railway, has, in reply to a request from the Rohilkhand and Kumaon Railway Union for accepting a deputation with a view to lay before him the employees' grievances, stated (*vide* his letter No. 67, dated 7th April, 1931), that his men were well paid, well treated and well contented and had expressed his difficulty to understand why some of the men at least did not endeavour to secure other more congenial employment as a support to his contention?

(c) If not, do Government propose to make necessary inquiries and take immediate steps to see that the Agent, Rohilkhand and Kumaon Railway, accedes to the wishes of his employees and grants the necessary recognition and meets a deputation from the Union to hear grievances of the employees; if not, why not?

Mr. A. A. L. Parsons: (a) The Agent, Rohilkund and Kumaon Railway reports that he has not recognised the Union referred to as he is not satisfied that it is representative of the staff of the railway.

(b) Government have seen a copy of the Agent's letter No. 67, dated the 7th April, 1931.

(c) Government do not see any grounds to interfere with the discretion of the Agent in dealing with the Union.

ALLEGED VICTIMIZATION OF OFFICIALS OF THE EAST INDIAN RAILWAY UNION, MORADABAD.

1182. ***Lala Hari Raj Swarup:** (a) Are Government aware that almost all the members of the Executive Committee of the East Indian Railway Union, Moradabad, were transferred one after the other? If so, why?

(b) Are Government aware that transfers of the members of the Executive Committee of the said Union still continue and that the members are also victimised otherwise?

(c) Are Government aware that Messrs. Laxmi Narain, and Madan Mohan Lal, Head Clerks, Running Shed Foreman's Office and Divisional Workshop respectively, Moradabad, who were amongst the zealous members of the Executive Committee of the said Union, were transferred soon after their joining it as Head Clerks, Running Shed Foreman's Office, Rosa, and Permanent-Way Inspector's Office, Chandausi, respectively, along with many others transferred to different stations?

Mr. A. A. L. Parsons: Information has been called for from the Agent of the East Indian Railway and on the receipt of his reply I will communicate with the Honourable Member.

SYSTEM OF TICKET CHECKING ON THE EAST INDIAN RAILWAY.

1183. ***Lala Hari Raj Swarup:** (a) Are Government aware that the new system of guarding against travelling without ticket, as recently introduced over the East Indian Railway, is proving a source of great inconvenience to the travelling public and is also more expensive than the old system?

(b) Are Government aware that under the new system the passengers in the lower classes cannot have any rest even during the night as they are called upon and required to show their tickets several times during their journey?

(c) Is it a fact that the old system of guarding against this evil through the Travelling Ticket Inspectors entailed a total expenditure of only about Rs. 2,00,000 per annum and the income therefrom was much above it, whereas the expenditure under the new system is expected to be about Rs. 16,00,000 per year and the income much below it?

(d) Is it a fact that one of the main causes of the failure of the Crew system, as attributed in the Moody-Ward Report, is the inefficiency, unsuitability and the unreliability of the staff engaged therein?

(e) Is it a fact that despite this preference has been given under the new scheme to the men employed under the old Crew system?

(f) Are Government aware that this new system was tried in the North Western Railway but proved a failure?

(g) If the replies to the above questions be in the negative, do Government propose to state the correct position and the view of the travelling public about the new scheme?

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

(b) If the facts are as suggested by the Honourable Member, it is open to members of the East Indian Railway's Local Advisory Committee to bring the matter up for discussion at a meeting of the Committee.

(c) The expenditure prior to the introduction of the Crew system was about Rs. 10,30,000 per annum, and under the present system is estimated at about Rs. 16,30,000 per annum. Figures showing excess fares, etc., realised by T. T. Is. before the Crew system operated are not readily available, and it is not possible to estimate realisations under the present system.

(d) I would refer the Honourable Member to paragraphs 35 to 41 of the Moody-Ward Committee's Report.

(e) Some of the men employed in the Crew system are now employed in the new system.

(f) I presume the Honourable Member has in mind paragraph 6 of the Moody-Ward Committee's Report. The system referred to therein was the Crew system which it was found impracticable to work with two men.

(g) As the Moody-Ward Committee's Report, a copy of which is in the Library of the House, has dealt comprehensively with this subject, I am unable to understand what the Honourable Member means by the words "the correct position". As regards the latter part of the question, Government have no information.

Mr. Lachand Navalrai: With regard to clause (b) of the question, will the Honourable Member be pleased to enquire into the inconvenience mentioned therein, namely, the inconvenience caused to passengers by making them show their tickets every now and then—will the Honourable Member be pleased to make enquiries and remedy the inconvenience instead of saying that it will be considered and that it will be brought before the Advisory Committee?

Mr. A. A. L. Parsons: I am certain that any system which aims at preventing passengers from travelling without tickets will be an inconvenience to some passengers, and I am not prepared to institute any enquiries.

Mr. Lalchand Navalrai: What is suggested in the question is not that it is an inconvenience sometimes. A general cry has been made here, and will the Honourable Member be pleased to make enquiries into the general cry or not?

Mr. A. A. L. Parsons: No. As I have explained, there will always be complaints against any system for checking this abuse.

Mr. Lalchand Navalrai: Does it not mean that it is condoning what is being done on the railways if the Government also refuse to make enquiries?

Mr. A. A. L. Parsons: There is no question of condonation. As far as I am aware, the staff which have been employed are now doing their duty.

Mr. Lalchand Navalrai: Duty may be done, but when a specific charge has been made and it has been said that it is harassing the people very much, will the Government not be pleased to make enquiries into it and mitigate the inconvenience?

Mr. A. A. L. Parsons: I should be prepared to look into any specific case in which the staff are alleged to have exceeded their duty, which the Honourable Member can bring to notice if the date, place and the timing of the train is given. But I am not prepared to agree to any general enquiry merely on a statement or suggestion that some passengers have been inconvenienced.

Mr. Lalchand Navalrai: If there is a specific inconvenience, it will certainly be brought to the notice of the authorities there, but when there is a general cry, why should not the Government be pleased to ask the Agent to enquire into it and satisfy the House that the inconvenience is not existing at all?

Mr. A. A. L. Parsons: The Honourable Member does not appear to have heard my answer to part (b) of the question, which is, that, if there is a general inconvenience, that is to say, if the facts are as suggested by the Honourable Member, the proper course would be to bring the matter to the notice of the Railway Administration through the local Advisory Committee.

Dr. Ziauddin Ahmad: May I ask whether the Honourable Member is aware that this system of checking tickets is under the Divisional Superintendent and that every Divisional Superintendent has got his own system, and with each change of office of Divisional Superintendent the system changes, and it causes great inconvenience to the travelling public?

Mr. A. A. L. Parsons: That has not been brought to my notice, Sir.

Dr. Ziauddin Ahmad: Will you enquire into this matter? Is it not a fact that with the change in the Divisional Superintendent's office the system also changes in each Division?

Mr. A. A. L. Parsons: This Moody-Ward system has only been recently introduced, and frankly it is too early to make any enquiries. I should see no objection myself to individual Divisional Superintendents incorporating small changes in that system in order to discover exactly in what way the system would give the best results. If at a later stage anything is brought to my notice which suggests that the system is not being fully carried out, I should be prepared to make enquiries, but I think it is desirable to wait six months or so before any such investigation is made.

Dr. Ziauddin Ahmad: The Moody-Ward Report—it is the most inconsistent report I have ever read.

Mr. President: Order, order. Next question please.

PAY AND ALLOWANCES OF TRAVELLING TICKET INSPECTORS.

1184. ***Lala Hari Raj Swarup:** (a) Are Government aware that in fixing up the old Travelling Ticket Inspectors under the new scheme in the East Indian Railway their pay and allowance have been reduced considerably?

(b) Are Government aware that the old Travelling Ticket Inspectors preferred an appeal protesting against the indiscriminate reduction in their pay and allowance and laying before the authorities other hardships which stared them in their faces on the introduction of the revised scheme, but no action seems to have been taken thereon?

(c) Is it a fact that the old Travelling Ticket Inspectors were permanent employees? If so, how were their pay and allowance reduced in fixing them up in the scheme under the Fundamental Rules?

(d) If the replies to the above be in the negative, are Government prepared to order an inquiry into the grievances of the old Travelling Ticket Inspectors on the East Indian Railway? If not, why not?

Mr. A. A. L. Parsons: With your permission, Sir, I propose to reply to questions Nos. 1184, 1185, 1186 and 1187 together. I have called for information from the Agent, East Indian Railway and will communicate with the Honourable Member on its receipt.

UNIFORMS OF TRAVELLING TICKET EXAMINERS.

†1185. ***Lala Hari Raj Swarup:** (a) Is it a fact that the Travelling Ticket Examiners on the East Indian Railway will henceforth be supplied with uniforms made of very inferior stuff and consisting of only a shirt with half sleeves and a pair of shorts?

(b) Is it also a fact that the Travelling Ticket Examiners will have to buy their own stockings to complete their uniforms and that no allowance will be made for this deficiency in the uniforms?

(c) Do Government propose to continue to supply uniforms as hitherto? If not, why not?

TEMPORARY EMPLOYMENT OF TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

†1186. ***Lala Hari Raj Swarup:** (a) Are Government aware that the staff who were recruited for the Crew system on the East Indian Railway were not confirmed and made permanent till even the date the said system was brought to a close and they had consequently to suffer as regards gratuity and contribution to provident fund?

(b) Is it a fact that most of the employees of the same staff have now been provided in the new scheme and that this scheme is also on trial? If so, is it a fact that the men concerned cannot be confirmed and will, therefore, suffer still more?

†For answer to this question, see answer to question No. 1184.

(c) If not, do Government propose to investigate the matter with a view to obtain first-hand information and then issue such instructions as would safeguard the interests of the men concerned and save them from further loss in gratuity and provident fund? If not, why not?

PAY OF CERTAIN TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

†1187. ***Lala Hari Raj Swarup**: (a) Is it a fact that the Railway Board issued a circular assuring such temporary employees as had put in over 12 months' service, the same status as the permanent employees?

(b) Are Government aware that under Fundamental Rules the pay and prospects of the permanent employees cannot be reduced or affected adversely?

(c) Is it a fact that on the introduction of the new Travelling Ticket Examiners' scheme on the East Indian Railway, the pay of a lot of employees such as Messrs. M. L. Tuckroo, T. V. Liddle, C. Benjamin, etc., late of the Crew Department, and Travelling Ticket Inspectors, respectively, has been reduced considerably, being brought down to Rs. 95 per mensem *plus* Rs. 20 fixed allowance from Rs. 180, 160 and 160 per month *plus* average mileage, respectively?

(d) If the replies to the above parts of this question be in the negative, do Government propose to make inquiries and state the circumstances under which the pay of these employees has been reduced?

COMPLAINTS AGAINST MR. C. PEARCE, SUPERINTENDENT, POWER, MORADABAD DIVISION, EAST INDIAN RAILWAY.

1188. ***Lala Hari Raj Swarup**: (a) Are Government aware that there had been several complaints against the treatment of Mr. C. Pearce, while working as Assistant Superintendent, Power, in the Moradabad Division, East Indian Railway, towards the employees, and particularly towards those who are members of the local Railway Union?

(b) Is it a fact that he had on many occasions threatened the railway employees not to join the Union on pain of punishment being awarded to them?

(c) Is it also a fact that in some cases he went even so far as to ask the employees punished by him to go to the Union for redress of their grievances, when the latter approached him to reconsider their case?

(d) Are Government aware that the said Mr. C. Pearce was re-posted to Moradabad Division as Superintendent, Power, after expiry of his leave and the wishes of the employees that he should not be were not acceded to despite telegraphic representations?

(e) Are Government also aware that the said Mr. C. Pearce is still behaving with his staff and particularly those who are members of the Union in the same old fashion and his treatment is a cause of general complaint?

(f) If the replies to the above questions be in the negative, do Government propose to make necessary inquiries and take suitable action against Mr. C. Pearce? If not, why not?

†For answer to this question, see answer to question No. 1184.

Mr. A. A. L. Parsons: (a) to (f). Government have no information. The points raised by the Honourable Member are within the competence of the Agent to decide, and I am bringing these to his notice.

PAY OF HEAD CLERKS TO STATION MASTERS, ETC., AT MORADABAD AND LUCKNOW.

1189. ***Lala Hari Raj Swarup:** (a) Are Government aware that the Head Clerks to the Station Masters, Running Shed Foremen, Head Train Examiners and Permanent Way Inspectors at divisional headquarters stations in the O. and R. section of the East Indian Railway were drawing salary in one and the same grade?

(b) Is it a fact that the grade of the Head Clerks to the said Running Shed Foremen, viz., at Moradabad and Lucknow, has been raised to Rs. 100 per mensem, but the grade of the other Head Clerks mentioned in part (a) of this question has not been so raised and they continue to be blocked on the maximum of their original grade?

(c) If the replies to parts (a) and (b) of this question be in the negative, do Government propose to make necessary inquiries and place all the Head Clerks of the various offices at par with the Head Clerks to the Running Shed Foremen at Moradabad and Lucknow, as it was prior to the sanction of increase in the case of the latter?

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

(b) and (c). The scale of pay of the Head Clerks of the Running Shed Foremen's offices at Lucknow and Moradabad was raised to Rs. 70—5—100 from the 1st April, 1929, as the work and responsibility of these posts were increased owing to the larger number of engines stationed at these running sheds. The pay of other Head Clerks referred to was not revised as their work and responsibility remained as it was before.

APPOINTMENT OF MR. DELACRIOX AS STATION MASTER, LHAKSAR.

1190. ***Lala Hari Raj Swarup:** (a) Is it a fact that Mr. DeLacriox, a Station Master in the Moradabad Division, East Indian Railway, while working at Lhaksar about three years ago, was found guilty of certain irregularities in connection with the "Left luggage" of passengers and "Unclaimed" parcels, etc.?

(b) Is it also a fact that the said Mr. DeLacriox was condemned from Station Mastership and ordered in consequence of the complaints referred to in part (a) of this question not to be given an independent charge?

(c) Are Government aware that the said Mr. DeLacriox has again been posted as Station Master at Lhaksar?

(d) If the replies to parts (a), (b) and (c) of this question be in the negative, do Government propose to make necessary inquiries and state the circumstances under which Mr. DeLacriox has been re-posted at Lhaksar as Station Master? If not, why not?

Mr. A. A. L. Parsons: Government have no information. The posting of Station Masters is entirely a matter for the local Divisional Superintendent.

**EAST INDIAN RAILWAY SUBORDINATES APPOINTED AS ASSISTANT
SUPERINTENDENTS IN THE MORADABAD AND LUCKNOW DIVISIONS.**

1191. ***Lala Hari Raj Swarup:** (a) Is it a fact that most of the Assistant Superintendents in the various departments in the Moradabad and Lucknow Divisions of the East Indian Railway are not qualified men and the majority of them are subordinates of the old East Indian Railway?

(b) Are Government aware that by providing old East Indian Railway subordinates in the Oudh and Rohilkhand Railway section of the East Indian Railway, the claims of even the most senior and better qualified men belonging originally to the old Oudh and Rohilkhand Railway have been overlooked?

(c) If the replies to parts (a) and (b) of this question are in the negative, will Government please place a statement on the table of this House, showing (i) the educational and other qualifications of all the Assistant Superintendents at present working in the above-mentioned two Divisions, and (ii) the railway to which each of them originally belonged along with another statement showing the number of subordinates promoted to gazetted officers' rank and how many of them belonged to the old Oudh and Rohilkhand Railway and how many to the old East Indian Railway, since the amalgamation of the two railways?

Mr. A. A. I. Parsons: I have called for information from the Agent, East Indian Railway, and will communicate with the Honourable Member when it is received.

**APPOINTMENT OF DEPARTMENTAL CANDIDATES TO THE FIRST DIVISION
IN THE GOVERNMENT OF INDIA SECRETARIAT.**

1192. ***Mr. B. N. Mishra:** (a) Is it a fact that several departmental candidates in the 1922 examination of the Staff Selection Board who obtained enough marks were not declared qualified for the First Division of the Secretariat? If so, why?

(b) Is it a fact that as the result of representations B. Nathu Ram Gund and B. Tufail Ahmed of the Indian Stores Department, among several others, have been declared qualified for the First Division of the Secretariat and attached offices, respectively?

(c) Is it a fact that though the said B. Nathu Ram, was recommended by his Department, B. Tufail Ahmed was not so recommended?

(d) Is it a fact that representations from several men similarly situated as those mentioned in part (b) have been turned down by the Public Service Commission? If so, why?

(e) Is it a fact that a number of representations of the nature described above were rejected by the Commission in the first instance, but were favourably considered subsequently? If so, why?

(f) Is it a fact that in the September 1929 session of the Legislative Assembly it was stated that departmental candidates in the 1922 examination of the Staff Selection Board who obtained enough marks were declared qualified for the First Division, even though they appeared for the Second Division?

(g) Are Government prepared to direct the Commission to declare such men qualified for the First Division as obtained enough marks, and whose representations have been turned down, on the basis of the marks obtained by them in the 1922 examination? If not, why not?

The Honourable Sir James Orerar: (a) It is, I believe, a fact that several candidates who obtained qualifying marks for the First Division of the Secretariat in the 1922 examination were not declared qualified for that Division in the first instance, because they had not entered as candidates for the First Division.

(b) and (c). It is a fact that Mr. Nathu Ram was exempted on the recommendation of the Department and on the basis of his departmental record from passing the examination for the First Division of the Secretariat. Mr. Tufail Ahmad entered, but was unsuccessful for the Upper Division of the Secretariat in the 1922 examination. Later he was declared qualified for the First Division of the Attached Offices on the basis of the marks he obtained in the 1922 examination.

(d) and (e). A large number of representations were received by the Commission and considered on their merits. Any cases in which representations originally rejected were subsequently admitted were no doubt due to the receipt of fuller information later.

(f) If the Honourable Member will refer to the reply I gave, on a previous occasion he will find that I stated that, in a few cases, candidates who had the educational qualifications required for the higher categories and had obtained the requisite number of marks were declared qualified for these categories.

(g) No. Government are not prepared to interfere with the discretion of the Commission who have, as already stated, considered all representations on their merits.

APPOINTMENT OF DEPARTMENTAL CANDIDATES TO THE FIRST DIVISION IN THE GOVERNMENT OF INDIA SECRETARIAT.

1193. ***Mr. B. N. Misra:** (a) Is it a fact that different percentages of marks were allocated at the 1922 examination of the Staff Selection Board for the following categories of the ministerial establishment of the Government of India Secretariat and its Attached Offices:

- (i) First Division—Secretariat.
- (ii) First Division—Attached Offices.
- (iii) Second Division—Secretariat?

(b) Is it a fact that clerks passed out for category (ii) were required to obtain a higher percentage of marks in the said examination than clerks passed out for category (iii)?

(c) Is it a fact that a number of clerks who are qualified for the First Division of the Attached Offices are employed in the Second Division of the Secretariat?

(d) Is it a fact that when there is a vacancy in the First Division of the Secretariat, which is to be filled by promotion from among the clerks employed in the Second Division, no preference is given to clerks who are qualified for the First Division of Attached Offices? If so, why?

(e) Is it a fact that for initial appointment in only Attached Offices clerks who are qualified for the First Division of the Attached Offices are considered better than others who are qualified for the Second Division of the Secretariat?

(f) If so, why not also in the Secretariat in the matter of promotion referred to in part (d) above?

(g) Are there any two university qualifications, the possession of one of which is considered better in one place and equal in another? If not, are Government prepared to direct the Public Service Commission that clerks who are qualified for the First Division of the Attached Offices be considered hereafter to possess a better claim, in the matter of Departmental promotions from Second Division to the First Division in the Secretariat, than others who are qualified for the Second Division? If not, why not?

The Honourable Sir James Crerar: (a) and (b). Yes.

(c) It is likely, but I have no precise information.

(d) For purposes of promotion to the First Division in the Secretariat, no preference is given to candidates qualified for the First Division in Attached Offices. The criterion for such promotion is merit and not the grade for which candidates are qualified.

(e) and (f). Yes. Candidates for the First Division, Attached Offices and the Second Division, Secretariat, are nominated in order of merit. The question of promotion is quite distinct from that of direct recruitment, and is governed by different considerations.

(g) So far as departmental promotion is concerned, clerks working in the Second Division, whether qualified for the Second Division of the Secretariat only or for the First Division of Attached Offices, are eligible for promotion to the First Division on their merits and Government do not consider that any discrimination is justified or desirable.

PROMOTION OF FIRST DIVISION CLERKS IN ATTACHED OFFICES AND SECOND DIVISION CLERKS IN THE GOVERNMENT OF INDIA SECRETARIAT.

1194. ***Mr. B. N. Misra:** (a) Is it a fact that in Attached Offices there is no grade carrying the same pay as the Second Division in the Secretariat?

(b) Is it a fact that in the Secretariat there is no grade or time-scale carrying the same pay as the First Division in Attached Offices?

(c) Is it a fact that in Attached Offices, in order to provide for such clerks as have qualified for the Second Division of the Secretariat, the 10 per cent. quota of vacancies to be filled by promotion from among those employed in the Routine Division has been increased to 33-1/3 per cent.?

(d) Is it a fact that in the Secretariat, such clerks as have qualified for the First Division Attached Offices are accorded the same treatment in the matter of departmental promotion as the Second Division clerks? If so, why?

(e) Do Government propose to accord the same concessional treatment to men qualified for the First Division Attached Offices, but employed in the Second Division of the Secretariat, as accorded to Second Division clerks employed in Attached Offices? If not, why not?

The Honourable Sir James Crerar: (a) and (b). Yes.

(c) Yes, temporarily.

(d) and (e). Men qualified for the First Division, Attached Offices, but employed in the Second Division, Secretariat, are eligible for promotion to the First Division, Secretariat, equally with others employed in the Second Division, Secretariat. Government do not consider that any special discrimination in their favour is justified or is necessary.

PAY OF ASSISTANTS IN THE OFFICE OF THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS.

1195. ***Mr. S. C. Mitra:** (a) Is it a fact that the average actual pay of assistants of 25 years' service in the office of the Director-General of Posts and Telegraphs is equal to about the pay of an assistant of ten years' service in other Attached Offices?

(b) Is it a fact that the benefit of length of service to those in the Director-General of Posts and Telegraphs' Office when they were brought on to the time-scale of pay was denied while such benefit was allowed in other Attached Offices?

(c) Are Government prepared to do away with the past invidious treatment?

Sir Hubert Sams: (a) Yes, but the office of the Director-General of Posts and Telegraphs became an Attached Office only from April, 1930, when its staff received the Attached Office scales of pay, while these scales had been in force in other Attached Offices since April, 1920.

(b) The fact is not altogether as stated by the Honourable Member. The time-scale rates of pay were introduced in the office of the Director-General of Posts and Telegraphs in 1921 on the recommendations of a departmental committee, before which there had been two revisions in 1918 and 1919. The "A" Class clerks or assistants who had benefited by those revisions were brought on to the time-scale at one step next above the stage which was nearest to, but not less than, the total of their pay and war allowance. Those who did not benefit by the revisions of 1918 and 1919 received special concessions. The case of the Attached Offices was examined by a separate committee.

(c) Government do not admit that there was any invidious treatment.

POSTAL INSURANCE OF CLERKS FORCED TO RETIRE BEFORE 55.

1196. ***Mr. S. C. Mitra:** (a) In effecting retrenchment do Government propose to take into consideration the following facts:

- (i) that many clerks could not make any provision for their families otherwise than by insuring their lives;
- (ii) that they made the insurance on condition that payment of premia would cease at 55 years of age when they would retire and would not be able to pay premia out of their depleted income—the pension; and
- (iii) that such clerks will, if forced to retire before 55, get only the surrender value of their insurance policies—much less than what they have actually paid as premia—and their families will lose the provision that they could otherwise look upon after the insuree's death?

(b) Do Government propose to allow any concession in respect of policies on lives of Government servants who are insured with the Government's own Insurance (known as the Postal Life Insurance) who will be forced to retire before their policies have matured?

The Honourable Sir George Schuster: (a) and (b). Government are aware of this possibility. They regret that they can do nothing to influence private insurance companies in the matter, but believe that it is generally possible for the holder of a life insurance policy in a private company to avoid the loss consequent on its surrender by obtaining a paid-up policy for a reduced sum. As regards Government's own insurance, provision exists in the Post Office Insurance Fund Rules for the issue of a paid-up policy for a reduced sum of not less than Rs. 50 free from further payments of premium if premiums for not less than three years have been paid in full.

Mr. Lalchand Navalrai: A supplementary question, Sir. Is there any truth in the statement or in the report that is current outside that officers or subordinates who have put in a service of 30 years but have not yet completed 55 will be forced to retire? I will repeat the question. There has been a rumour or rather a report outside that Government intend that those officers and subordinates who have finished their service of 30 years but who have not yet completed 55 years of age should be forced to retire.

The Honourable Sir George Schuster: My Honourable friend is incorrect in saying that all the officers to whom he has referred will be forced to retire. As he must be aware, in connection with the retrenchment measures which the Government are taking, it will be necessary to discharge a very substantial number of officers, and the Government will naturally follow the practice—and indeed this will be in accordance with the recommendations of the Retrenchment Committee which has dealt with the subject—they will follow the practice of giving priority of selection to officers who are very near the end of their maximum possible service. To that extent there is something in what my Honourable friend has said.

SUBSIDIES PAID TO NEWSPAPERS.

1197. ***Bhai Parma Nand:** Will Government be pleased to state:

- (a) the amount spent by the Government of India during 1930-31 on subsidies to papers;
- (b) the names of those papers which receive a subsidy from the Government of India in each Province?

The Honourable Sir James Grerar: (a) Nil.

(b) Does not arise.

Mr. S. C. Mitra: Are the Government in a position to deny that no money has been spent from the secret service money for subsidising some of the newspapers?

The Honourable Sir James Grerar: No money has been paid to subsidise newspapers.

NEWSPAPERS IN DELHI SELECTED FOR GOVERNMENT ADVERTISEMENTS AND COURT NOTICES.

1198. ***Bhai Parma Nand:** (a) Will Government be pleased to state the underlying principle on which Government advertisements, *viz.*, court notices, etc., are given to newspapers published in Delhi?

(b) Is it a fact that the circulation of the papers is not the main consideration with the Local Administration of Delhi?

(c) Is it a fact that two of the most important nationalist dailies published from Delhi are now practically banned for Government advertisements?

(d) Is it a fact that the Honourable Mr. Abbott, one of the predecessors of the present Chief Commissioner, had, in a circular, issued to all the courts in Delhi Province, clearly laid down that they were free to use their own discretion in giving court notices, etc., to such papers as were in their opinion most widely circulated?

(e) Is it a fact that the said circular is no longer effective and instructions contrary to that have been issued by the present Local Administration of Delhi?

(f) If so, are Government prepared to direct the Local Administration concerned to withdraw such instructions, and to circularise the courts and other Government Departments in Delhi Province that they are free to select the best medium for advertisements out of the papers published from Delhi and that to hold nationalist views should not be considered a disqualification by them for any paper to receive the Government advertisements and court notices, etc., in future?

The Honourable Sir James Crerar: The matter is within the discretion of the Local Government with which the Government of India are not prepared to interfere.

DRY CELLS AND BATTERIES IMPORTED INTO INDIA.

1199. ***Bhai Parma Nand:** (a) Will Government be pleased to state what is the value of dry cells and batteries which are annually imported into India? Is it a fact that they are in the neighbourhood of

<i>United Kingdom,</i>	<i>America and</i>	<i>other countries</i>
Rs. 2,32,345	Rs. 7,46,680	Rs. 3,02,551?

(b) Are Government aware that a factory for manufacturing dry batteries has been started at Moghalpura (Lahore) which is the only Indian-owned and Indian-managed factory of this sort and which has been highly spoken of by the *Tribune* in its issue of the 13th June, 1931 and the *Industry Magazine* of Calcutta for the month of July, 1931?

(c) Are Government aware that the prices of foreign batteries have been recently reduced to a great extent and that cheap stuff from China, Japan and Germany is being dumped into the country to the great disadvantage of the Indian manufacturer?

(d) Is it a fact that Government, on more than one occasion, have declared their policy of protecting and encouraging Indian industries?

(e) If so, do Government propose to levy a protective duty on all foreign dry cells and batteries imported into India?

The Honourable Sir George Rainy: (a) I would refer the Honourable Member to the Annual Statements of Sea-borne Trade, copies of which are available in the Library. The figures mentioned by the Honourable Member correctly represent the values of imports during 1930-31.

(b) Government have seen a paragraph in the *Tribune* on the subject.

(c) No.

(d) Yes.

(e) No. Government have received no representation on the subject.

CUTS IN SALARIES OF GOVERNMENT OF INDIA OFFICIALS.

1200. ***Mr. S. C. Mitra:** (a) Is it a fact that under the scheme of cuts in salary proposed by the Finance Member the net cut in salary is lower in the case of higher officials and higher in the case of lower paid employees?

(b) Will Government please state how in practice the cut would affect in terms of percentage the following standard salaries after deducting the income-tax increase?

Salary of Rs. 5,000 per mensem.

"	"	"	4,000	"	"
"	"	"	3,000	"	"
"	"	"	2,000	"	"
"	"	"	1,000	"	"
"	"	"	500	"	"
"	"	"	100	"	"
"	"	"	50	"	"

The Honourable Sir James Crerar: (a) I regret that I do not understand exactly what point the Honourable Member has in mind. The procedure proposed as regards the cuts is quite simple, for the intention is to levy a ten per cent. cut on all salaries by making a deduction of ten per cent. from the gross salary. This cut is therefore applied equally to all.

(b) I am equally unable to understand the exact meaning of this part of the question. The Government proposal, as announced by my Honourable colleague, the Finance Member, is based on the idea that if officials were to be subjected both to a ten per cent. cut and to the full new surcharge proposed on the income-tax, it would put upon them too heavy a burden particularly having regard to the very steeply graded increases in the income and super-tax rates which were made in the last Budget. If the Honourable Member wishes by his question to elicit what an official would have to pay under the new income-tax surcharge without the cut, and to compare that with what he will pay under the cut without the income-tax surcharge, he can easily make the comparison by working out the incidence of the income-tax surcharge at varying rates of pay. I am asked by my Honourable colleague, the Finance Member, to say that he will be saying something on this question in his speech on moving for consideration of the Finance Bill, and also that if the Honourable Member will explain to him exactly what is the point which he wishes to elicit, he will endeavour to give him all the information which he can.

UNSTARRED QUESTIONS AND ANSWERS.

ISSUE OF BUILDING COMPLETION CERTIFICATES IN NEW DELHI.

139. **Mr. S. C. Mitra:** Will Government be pleased to state:

- (a) the procedure governing the issue of building completion certificates in New Delhi;
- (b) who permits the water connections;
- (c) if it is a fact that previously the Superintendent, Health Section, used to allow the water connections;
- (d) if it is a fact that according to the present system the Superintendent, Health Section, submits his report to the Land and Development Officer after inspection;
- (e) if it is a fact that the said Land and Development Officer keeps such cases pending for months together;
- (f) if they are aware that by this delay on the part of the Land and Development Officer much inconvenience is caused to the house-builders in New Delhi; and
- (g) whether Government propose to remedy the said inconvenience to the house-builders in New Delhi; if not, why not?

Sir Frank Noyce: (a) and (b). On receipt of a report from the Superintending Engineer, Health Services, that the sanitary and water installations are ready for test purposes, the Land and Development Officer instructs the Executive Engineer, Services Division, to provide a temporary sewer and filtered water connection. A completion certificate is issued by the Land and Development Officer when the lessee or his agent has completed the building in accordance with his lease and when the Superintending Engineer, Health Services, reports that the tests are satisfactory and installation approved.

(c) Yes, the Superintending Engineer, Health Services still allows water connections.

(d) Yes.

(e) The reply is in the negative.

(f) }
(g) } Do not arise.

AMALGAMATION OF PENSION CONTROLLERS' OFFICES OF LAHORE, MHOW AND LAHORE DISTRICT.

140. **Mr. Gaya Prasad Singh:** (a) Is it a fact that there were two Pension Controllers' offices—one at Lahore and the other at Mhow—on 1st April, 1931?

(b) Is it a fact that the Pension Controller's office at Mhow was considered to be over-staffed as compared with that of the Lahore office?

(c) Is it a fact that the two Pension Controllers' offices at Mhow and Lahore have now been amalgamated with the Lahore District office, with the result that the pay of the Controller of the Lahore District office has been raised from Class I (Rs. 1,500—60—1,800) to a Command Controller's with pay at Rs. 2,250—2,500?

(d) Is it a fact that the duty allowance previously given to the Pension Controllers at Mhow and Lahore would now be given to two Deputy Controllers in the amalgamated offices?

(e) Will Government please state the reasons for amalgamation of the two Pension Offices at Mhow and Lahore with that of the Lahore District Office?

(f) Will Government please state whether the Retrenchment Committee were consulted in the matter? If not, why not?

(g) Will Government please lay on the table a statement showing the financial effect of the—

(i) amalgamation of the Pension Offices at Lahore, *minus* the Lahore District Office; and

(ii) amalgamation of the two Pension Offices at Mhow and Lahore with that of the Lahore District?

The Honourable Sir George Schuster: (a) The reply is in the affirmative.

(b) No. The staff employed in each office was commensurate with the work to be done.

(c) An amalgamation has been carried out as indicated in the question and the combined charge has been rated as a Command Controllership. The pay of a Command Controller is Rs. 2,250 (or Rs. 2,450 if he is one of the few remaining military officers appointed under a previous system of recruitment). This arrangement has caused no extra expense to the State as simultaneously with the classification of the new appointment at Lahore as that of a Command Controller, the status of the Controller of Military Accounts, Quetta, has been reduced to that of a Class I officer.

(d) The reply is in the affirmative.

(e) The reasons for the amalgamation of the two offices were:

(i) To concentrate one class of work in one office in order to avoid interchange of correspondence and to secure uniformity.

(ii) To effect economy.

(iii) To secure continuity of supervision of pension work. This matter was discussed in the Military Accounts Committee in 1930 and it was decided to explore the possibility of amalgamating the two offices.

(iv) To bring the pension work under the direct personal control of a senior officer of the Military Accounts Department.

(f) Owing to the necessity of terminating the lease of a building at Lahore and negotiating the lease of other premises before the 1st September, it was not possible to consult the Retrenchment Committee in advance. The scheme was, however, placed before the Army Retrenchment Sub-Committee when they met, and they expressed their approval of it subject to one qualification regarding the pay and status of the new appointment.

(g) A statement is attached showing the financial effect of the amalgamation of the two pension offices with that of the Lahore District. It is not possible to give a separate figure, on a basis of excluding the Lahore

District office, as the essence of the scheme was the amalgamation of the three offices into one charge. The estimated recurring saving is over Rs. 38,000 a year and it is hoped that experience of the working of the new system may justify still further reductions.

Statement showing estimated average annual savings on account of the amalgamation of the two pension offices with that of the Lahore District Office.

Establishments.	Cost.
1 Officer of the Superior Service at Rs. 938 per mensem .	11,256
1 Officer of the Subordinate Service at Rs. 678 per mensem .	8,136
1 Accountant at Rs. 367 per mensem	4,404
11 Clerks at Rs. 119 per mensem each	15,708
1 Record clerk at Rs. 25 per mensem	300
16 menials at Rs. 15 per mensem each	2,880
Contingencies	2,900
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	45,584

(Average monthly rates of pay have been taken for the purpose of calculation.)

Deduct—

Additional amount on account of rent for the combined Pension offices at Lahore	7,200
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Net estimated average annual savings	<hr/> 38,384 <hr/>
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COST OF AMALGAMATION OF THE LAHORE, MHOW AND LAHORE DISTRICT PENSIONS OFFICES.

141. **Mr. Gaya Prasad Singh:** (a) With reference to the amalgamation of the Military Pension Offices at Lahore with the Lahore District Office, will Government please state the expenditure involved on the following items:

- (i) rent of the building, hired at Lahore for the combined Mhow and Lahore offices at Lahore, including expenditure incurred by the Military Engineering Services on erecting partitions, fitting up of racks for records, fans, heaters, etc.,
- (ii) moving of the Lahore Pension Office from the Bharat Buildings to the Narsingdas Buildings, and
- (iii) moving of the Mhow office to Lahore?

(b) Will Government please state the rent paid by the Mhow and Lahore Offices before their amalgamation and the rent paid for the combined offices at Lahore?

(c) Is it a fact that the building occupied by the Mhow office was a Government building? If so, will Government please state what is being done with that building?

(d) Will Government please state why the two Pension Offices could not be amalgamated at Mhow?

(e) Are Government aware that house accommodation at Lahore is both scarce and expensive for officers and establishment at Lahore?

(f) Will Government please state what steps they have taken to arrange for accommodation for officers and establishment at Lahore? If no steps have been taken, how is the establishment from Mhow to be accommodated at Lahore?

(g) Will Government please state why the amalgamation scheme could not be postponed till the present financial crisis was over?

The Honourable Sir George Schuster:

	Rs.
(a) (i) Rent of building	18,000 per annum.
Expenditure incurred by the Military Engineer Services on erecting partitions, fitting up racks for records, etc.	7,450

(ii) and (iii). Information is not yet available.

(b) Before amalgamation :

Pension Office, Mhow.	Nil.
Pension Office, Lahore	10,800 per annum.

After amalgamation :

Combined Pension Offices	18,000 per annum.
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(c) The reply is in the affirmative. The building occupied by the Pension Office, Mhow, has just been vacated, and the question of its disposal is at present under the consideration of the local military authorities.

(d) Lahore was considered the more suitable because :

(1) The approximate number of pensioners dealt with by the two Pension Offices is 255,000. Of this number 206,000 pensioners reside in Northern India and were dealt with by the Pension Office at Lahore.

(2) The acquisition of a large office building suitable in all respects is possible only in a large city like Lahore.

(e) Government are not aware that the situation regarding house accommodation in Lahore differs in any way from that in other stations in India where Military Accounts Offices are located.

(f) As regards the first part of the question, no steps were taken. In regard to the second part of the question, no special representation on this matter has been received. The establishment will, as is usual on such occasions, make their own arrangements.

(g) The scheme, while desirable on administrative grounds, is also a measure of economy. As stated, it is estimated to produce an annual recurring saving of over Rs. 38,000. The present financial crisis, therefore, so far from being a ground for postponement, was a cogent reason for carrying out the amalgamation with the minimum of delay.

GOVERNOR GENERAL'S ASSENT TO BILLS.

Mr. President: I have the honour to inform Honourable Members that the following Bills, which were passed by both Chambers of the Indian Legislature during the Simla Session, 1931, have been assented to by His Excellency the Governor General under the provisions of sub-section (1) of section 68 of the Government of India Act:

1. The Provisional Collection of Taxes Act, 1931,
2. The Indian Succession (Amendment) Act, 1931,
3. The Aligarh Muslim University (Amendment) Act, 1931,
4. The Land Customs (Amendment) Act, 1931.
5. The Sheriff of Calcutta (Powers of Custody) Act, 1931,
6. The Indian Mines (Amendment) Act, 1931,
7. The Heavy Chemical Industry (Protection) Act, 1931, and
8. The Indian Press (Emergency Powers) Act, 1931.

THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I have to move that the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, be taken into consideration. In making this motion I had desired to follow the usual practice of moving for the second reading and not to make a long speech; but as I trust that Honourable Members in dealing with Government proposals for meeting the financial situation will do their best to face facts and to ensure that the discussion is conducted in an atmosphere of reality rather than of sentiment or merely destructive criticism, I desire to put certain facts and realities before you.

Before entering upon any general argument, I wish to correct a slight error which I made in my original statement as regards one particular matter. In announcing the Government's proposals for enhancing postal rates, I said that we intended to add 6 pies to the postal charge on letters. Our proposal, however, is to add 3 pies only to the letter rate. The estimate of increased revenue which I gave will not be affected by this change, for the increase in receipts on which we relied would include certain increases in telegraphic charges which have already been announced and which do not require legislation. In order to rectify the error as regards letter rates, an amendment will be moved on the Government side to clause 6 of the Finance Bill.

I will now turn to my main task. The period of delay which has intervened since the Finance Bill was introduced at Simla has had certain advantages in that it has enabled us to gather from Press notices and from other forms of communications the lines which public opinion is likely to take on the measures that we have proposed. Leaving aside the usual destructive criticisms, I think the questions, the test questions, which I have to answer in order to justify my position, are three. First, have we relied too much on new taxation and too little on retrenchment? Secondly, if the general need for taxation is granted, are our particular proposals sound and fair? And thirdly, are we trying to raise more money than is necessary to restore the situation?

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Now, the first question I think is the most important. Are we relying too much on new taxation and too little on retrenchment? That may be divided under two heads, the question of the cuts in pay and the question of general retrenchment. I want to deal first with the question of cuts in pay and show why we did not adopt a graduated scale on the lines recommended by the Retrenchment Committee. Now, I am prepared to concede at once that there is a good deal to be said for a graduated scale. But those who advocate it in preference to our proposals must ask themselves whether they think it better because it is more in accord with principles of justice or because it will get more money. Both points require consideration. But if criticism of the Government plan for cut in pay is to be used as a reason for opposing our taxation proposals, then it is only relevant if it is based on the financial ground that we are not getting enough money out of the cuts in pay. Now, what is really the position? I have worked out the figures as accurately as possible, and I find that if we had accepted the proposals of the General Purposes Retrenchment Sub-Committee, we should have got from all Central Government officials, that is to say, including the Posts and Telegraphs but excluding the Railways and the Army, from those officials we should have got under the Retrenchment Committee's plan something like Rs. 102 lakhs; whereas if we applied a 10 per cent. flat cut, with an exemption of all pay below Rs. 40 a month, we should get about Rs. 128 lakhs; that is to say, on that basis we should get Rs. 26 lakhs more than on the scheme proposed by the main Retrenchment Committee. I take that basis for purposes of comparison, but I must explain first that we have not exactly fixed all the details of our plan as regards the lower limit of exemption for ordinary Government servants, for on this we are still corresponding with the provinces with the idea of obtaining uniformity with them, and secondly that as regards Posts and Telegraphs their scheme which will conform to that of the Railways will be slightly different. The points that are outstanding are mere details and the fact remains that according to the plan on the general lines which I announced in Simla we should get from Central Government officials Rs. 26 lakhs more than according to the Retrenchment Committee's plan. Therefore Honourable Members cannot attack us purely on financial grounds. They cannot say, "Unless you adopt the Retrenchment Committee's plan, you have no right to come to us and ask us to help you to raise so much money from new taxation". If we accept the Retrenchment Committee's plan, we should have to ask for more taxation and not less.

Now, this is an interesting result, and if properly examined it throws valuable light on much that has been said about graduated scales. According to the Retrenchment Committee's plans, a full ten per cent. cut would only have come into operation on salaries of Rs. 1,800 a month. Now taking again the figure for the Central Government's salary bill which I have already used, out of a total of 16½ crores, the total cost of salaries above Rs. 1,800 is 115 lakhs. According to the Committee's graduated scale we should have got 2½ lakhs more out of those higher salaries than we get according to our plans—2½ lakhs more. That is all; whereas below Rs. 1,800, according to our plan, even though that, in distinction from the Committee's plan, provides for some total exemption at the bottom, we should get 26 lakhs more than would be produced by their recommendations. Now it is quite clear from the above figures that,

even if we were to impose on salaries over Rs. 1,800 entirely prohibitive rates, we should not be able to get sufficient additional money to make any real difference. Even if you make a break at the point of a thousand rupees a month and put very high rates above that, that again will not make any substantial difference. Using again the same figures which I have used before, out of 16½ crores of Central Government's officials' pay, the total amount paid to officials drawing salaries of a thousand rupees and over, is 195 lakhs, against a total of 14,59 lakhs for officials below it. Therefore it is less than 1/8th of the total salary bill. In fact—and you cannot get away from this—the main financial effects must be obtained from the lower salaries, and if a sliding scale is wanted which really gives substantial relief below a thousand rupees, or even if you go lower still and give substantial relief below Rs. 500, it is impossible to make up the loss by putting higher burdens on higher ranks even if those burdens are raised to prohibitive levels.

Now what I have said covers the main financial aspect and that is what really concerns me. If the House agrees with me that we must make a saving in cuts in pay an important part of our general plan,—and here I would remark that hitherto I have only given the pay bill for Central Government officials, and that if you include the Army, the railways and the provinces, the total pay bill of the Government of India is something like 120 crores,—if we are to make a cut in pay a substantial part of our programme, then I think Honourable Members will be forced to agree that a general cut of something like 10 per cent. down to a very low limit is the least that will suffice, and that from the point of view of major financial results the effect of increasing the rates of cut on the higher salaries is a very small matter. But even if that is accepted, there are apparently some Honourable Members who would go on to say, that, quite apart from the financial results, we ought to hit the higher ranks harder just for the sake of doing so. That is a view with which we on this side can feel no sympathy, provided always that a fair contribution is made by all. Now, I do not think that any one who examines the real facts can deny that the higher ranks of the service will have to bear a very substantial part of the national burden.

I want to follow up this point a little more closely and do so in connection with the particular argument which has been used as a result of our proposals to allow the new surcharge on income-tax to be merged in the cut. It appears to be argued that this operates in such a way that the higher ranks are cut less than the lower. Now, I find it very difficult to understand this argument; but suppose the line of thought runs somewhat as follows:—that if we had imposed no cut, then Government officials would in any case have been subject to the income-tax surcharge, the rate of which would have meant an additional income-tax charge ranging from 4/5ths of one per cent. on salaries of Rs. 2,000 a year, up to 3·7 per cent. on salaries of about Rs. 4,000 a month. Apparently it is argued that, if we merge the surcharge in the cut, then the net extra burden of the actual cut is less in the case of the higher salaries. But surely that is special pleading. What we had to consider was what was the total loss in income which we could impose on the various officers concerned, taking into account all the circumstances. Among those circumstances we had to take into account that the income-tax was already very steeply graded and that the grading had been made still steeper by the

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changes introduced in the last Budget. Officials at the top have been subjected by the last Finance Act to an additional income-tax of about 5 per cent. whereas at the bottom the addition had only been one half of one per cent. Taking this, and a number of other factors, into account, we came to the conclusion that the discrimination in burdens between the higher and the lower grades had been carried so far that it was not fair to ask the higher grades to be subjected to more than a total 10 per cent. reduction in their pay, and that if we had made a ten per cent. cut and then added a higher income-tax charge, we should have gone too far. On the other hand we considered that in the lower grades the cost of the main articles of expenditure had fallen very substantially since 1929, and that a ten per cent. cut with certain exceptions was not excessive, always admitting that it does represent a sacrifice, and that a sacrifice may be legitimately claimed from all in a period of national emergency. But there is another point which must be remembered in this connection. The criticism that those on the higher salaries are not being cut enough is very largely directed, as I have understood it, on those posts which are outside the time scale. On the other hand all those in the lower grades are on a time scale and get steadily recurring increments of pay. These increments will continue and a large majority will recover a substantial portion of the cut which is now being made as their annual increments accrue. That of course will not happen to those who are outside the time scale. Now I must come back once more to the financial aspect. What should we have gained if we had imposed the surcharge on income-tax in addition to the cut? So far as the Central Government officials are concerned, I calculate that we should have gained 9½ lakhs. That is a very small sum, and not nearly enough to offset the 26 lakhs which we should have lost by adopting the Retrenchment Committee's plans. I think that what I have said disposes of the financial argument on this whole question, and Honourable Members cannot say to us, "Take our scheme and therefore take more by cuts and less by taxation". The extra money sufficient to make a real difference cannot be got that way unless you are prepared to levy still heavier cuts right away down to the very bottom.

Now, before I leave the subject of reductions in pay, I must make a reference to a question closely connected with this which has been touched upon, but not exhaustively dealt with, in the first interim Report of the General Purposes Sub-Committee. I refer to the question of reduction in so-called allowances and concessions. Now here a distinction must be made between two kinds of allowances and concessions; first, those covering actual expenditure such as travelling allowances or special compensatory allowances as for example 'Cost of Living' allowances in places where the cost of living is specially high, and secondly concessions which must be regarded as additions to pay or emoluments drawn by the officials concerned. Now in the case of the former we have already made substantial cuts which include reduction of travelling allowances by rail from 1 3/5ths of a railway fare to 1½, while as regards daily and road mileage allowances we have followed Local Governments who have all made very substantial reductions in their rates. 'Cost of living' allowances have been reduced since the beginning of the present financial year by 10 per cent. generally and by 12½ per cent. where a concurrent house rent allowance exists.

Now the second class of concessions brings me to the vexed question of the "Lee Concessions",—a question which has been the subject from time to time of a good deal of misunderstanding and misconception both as to what these concessions are and as to their financial effect. The General Purposes Sub-Committee in their first interim report have referred to the matter in these terms:

"Further, with one exception, we have no hesitation in recommending that in a financial crisis of this magnitude the costly 'concessions' known as the Lee Concessions (excepting those in the form of increased salaries) which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts, should be withdrawn."

Now I have followed the sub-committee's lead in omitting for the present that part of the Lee Concessions which took the form of an increase in salaries and I will return to this later. The remainder of the Concessions were the following:

(1) The provision of free passages for Superior Service officers and their families proceeding on leave out of Asia, confined to Europeans except in the I. C. S. The standard benefit for a normal term of service is four return passages for the officer and his wife and one single passage for each child. Officers already in service obtained only a proportion of these benefits on a diminishing scale according to their length of service. That is the first concession.

(2) An increase of Rs. 1,000 per annum in the maximum pension allowed to members of the Superior Services excluding the I. C. S. whose pension remained unchanged.

(3) A simplification and liberalisation of the rules governing the standard rent to be charged to Superior Service officers occupying houses supplied by Government. The substance of this concession was the exclusion of site value from the rental value of a Government residence, the object being to equalise rents between places where land is dear and land is cheap. I must remind the House that this concession has since been extended to all servants of the Central Government.

(4) Certain facilities for medical attendance which involve the provision of one European I. M. S. officer to every four British districts (on the average) to consult whom European officers and their families are given travelling "allowance" but no concession as regards free medical attendance for families.

As regards the cost of these concessions, it is not in all cases possible to give exact figures, more especially as part—indeed the greater part—of the cost falls upon the provincial Governments, but I can give the House figures which are near enough to enable Members to appreciate the realities of the position. First, the Passage Concession for Civil Officers (outside the Railways) has averaged approximately 25 lakhs in the last 5 years and has been a continuously decreasing amount, the actual figure for last year being 22 lakhs. Of this the Central Government's share is about 6 lakhs. Secondly, the addition to pension was estimated by the Lee Commission to cost 1·2 lakhs initially rising to a maximum of 19 lakhs. The estimated present cost is about 9 lakhs for the whole of India, of which the Central Government's share is about 3. I

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might add that probably at least 1/3rd of the officers who enjoy this concession are Indians, and ultimately almost all will be Indians since, apart from the Police, European recruitment has practically ceased in the Services entitled to this concession. The financial effect of the remaining concessions in regard to rent and medical attendance cannot be estimated with accuracy, but having regard to the fact that the rent concession is enjoyed by all Central Government officers I take an outside figure of 5 or 6 lakhs. The total cost, therefore, of all these concessions falling upon the Civil budget as distinct from the Military Budget may be taken at a maximum of 14 or 15 lakhs.

This, I hope, puts the financial aspect of the question in its proper perspective.

Turning now to the merits of the case, if the Committee had taken the line that since the Lee Commission made its recommendations, the concessions had in practice been extended to a large number of officers for whom they were not originally intended, that might have been a point which deserved examination, but to remove the concessions from the officers for whom they were intended would be discriminatory action of a most unfair kind. These concessions were granted after full examination into all the circumstances, and they were designed to meet existing grievances which were held on enquiry to be legitimate. They were designed in effect to correct inequalities which existed as between various classes of officers. To remove them now would mean to restore the inequalities and the causes of grievance and would be tantamount to making financial stringency an excuse for penalising a particular class. This would be a palpable injustice, and the Government must definitely set their faces against any action of that kind. This I may say has been our principle throughout; for example, a suggestion has been made to us in various quarters that as a temporary expedient increments in pay should be stopped in the next two years. But that we felt would have been a measure which discriminated against those who were on a time-scale of pay and treated them unfavourably as compared with those who were outside the time-scale. On the same principle we rejected that proposal. It is necessary that this principle should be clearly stated and not left in any doubt, and from the figures which I have given it will be seen that it has no substantial financial significance.

I return now to the concessions which took the form of an addition to pay. These consisted partly in the rectification of minor anomalies in the 1920 pay scales and partly of a remittance concessions covering a portion of pay. The Sub-Committee have quite rightly taken the line that these concessions must be considered together with pay and will be affected by cuts in pay. I should like, however, to give the House a rough estimate of their total cost. The Lee Commission estimated this originally at about 72 lakhs. At present, even after allowing for the fact that certain concessions have been extended to 200 or 300 miscellaneous officers who were not originally included in the Lee Concessions (many of whom are, however, already disappearing), our estimate of the total cost is about 62 lakhs for Civil officers and 18 for the Railways. About 70 per cent. of the cost, however, falls upon Provincial Governments and the cost to the Central Budget (excluding Railways) is about 18 or 19 lakhs.

It will be convenient at this stage if I refer to certain other suggestions made by the General Purposes Sub-Committee for improving the financial position. They have suggested that Indian income-tax should be levied on certain payments made outside the country, namely, interest on sterling securities, pensions and leave pay and allowances. As regards these suggestions let me first make the legal position perfectly clear. The Government of India have no effective means of recovering Indian income-tax on payments to persons outside the Indian jurisdiction which are legally due outside India. No legislation passed in India could give them this right. Apart from this let us consider in each case the merits of the proposal.

As regards interest on Indian sterling securities, it would of course be impossible to alter the rights of the holders of existing securities as defined at the time of each issue in the prospectus which laid down the terms of the issue. The recommendation could therefore only apply to future issues, and it would then require that a provision should be made in some form or other—I find it difficult to imagine exactly in what form—for paying the interest less Indian income-tax. This however even if it could be made effective would be a measure which would merely defeat its own object. If a subscriber to Indian 5 per cent. securities knows that he will only receive his 5 per cent. interest less some sort of deduction on account of Indian income-tax, he will take this into account and pay a lower price for the security. If, for example, the interest is at a rate of 5 per cent. and Indian income-tax deduction represents one-tenth of this, the 5 per cent. security would become in effect a 4½ per cent. security and would have to be issued on that basis. In fact the result would be on the contrary side, because the subscribers would have no assurance that the income-tax might not be increased, and such a provision would undoubtedly make Indian sterling securities extremely unpopular, and really unsaleable at anything like the level at which they have been saleable in the past. The case of a resident in India who holds Indian sterling securities is of course quite different, for there the Government of India have effective power to levy a tax on him, and if he resides in India there is substantial justification for his having to pay income-tax to the Government of India. That result would be effected if the House were to pass the Income-tax (Amendment) Bill which was debated last session.

Turning now to the question of pensions, it is quite clear that the rights of existing pensioners cannot be altered, nor the rights of those who have already entered pensionable service on clearly defined terms. If a change were to be made it could only apply to future entrants, and it would require legislation in the British Parliament. But I might dismiss this proposal as a practical measure for dealing with the present emergency for Honourable Members will appreciate that it could not really have any effect for the next 25 years.

I turn now to the question of income-tax on leave salaries and allowances. Here the actual position of the Government is slightly different, because in spite of the legal impossibility of recovering tax on payments duly made to the individual concerned when he is outside the country, it would be possible if the provisions were altered to make a recovery from his salary when he returned from leave. Turning to the merits of the case, whatever view may be held as to the logical justification for the privilege which is now granted to officials going on leave, the fact remains that it has been in existence for a great number of years and has come

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to be regarded as an established right. I will not go so far as to say that the Government would never consider a modification of this privilege, but if it is removed it must be recognised that it will represent a diminution of what—as I have said—has come to be regarded as an established right. In any case, just at the present moment when we are putting a severe tax on all officials by a substantial cut in their pay (which will include their full leave pay), we certainly cannot consider the imposition of further burdens. We have, as I have already said, tried to fix the cut at a rate which is fair and right, so that although it involves a substantial sacrifice, no official would be burdened beyond what the needs of the country require. But the burden once fixed ought to be regarded as complete and inclusive, and, having taken this direct method, we do not think it fair to add to it in indirect ways. As regards the financial significance, it is estimated that the total value of this exemption to all officials—Central and Provincial—is somewhere about Rs. 10 to 15 lakhs per annum.

I must now turn to the question of general retrenchment apart from cuts in pay. As regards our proposals, I am distributing to all Honourable Members today detailed and clear memoranda showing how the Government's proposals have been worked out and how they compare with the recommendations of the various retrenchment sub-committees. These memoranda will be distributed this morning.

The proposals in their present stage are not absolutely final. It must be understood that conclusions as regards certain details, and in so far as they affect certain classes of officers, are provisional pending approval of the Secretary of State in Council, for which there has not yet been time in all cases to apply. The statement of the proposals, however, as far as they go, may be taken to be substantially correct. And there still remain some possibilities of going further. In the first place the full effects of some of the measures will not be felt at once. In the second place we have to provide for special counter-payments at the outset for compensation to discharged officials, etc., which will be felt rather heavily in the next financial year. Lastly there is a considerable portion of the field allocated to the "Army" and the "General Purposes" Retrenchment Sub-Committees on which we are still awaiting their recommendations. As regards this uncovered field, in order to get on with measures which can clearly be taken, we have had to work out provisional plans and the effects of these have been included in the memorandum which I am circulating. It is possible here that some further margin for economy may be found. But even allowing for further recommendations, I think it may be stated with assurance that the scope for further retrenchment which can be regarded as within the bounds of practical possibility for next year is not so large as to be likely to make any fundamental change in our general financial plan.

I should now like to assess in a broad way what our retrenchment proposals amount to. I will deal first with three large special departments—the Railways, the Posts and Telegraphs, and the Army. On these in particular I must ask Honourable Members to study the memoranda which are being circulated. They will find that Government are in substance adopting practically all the recommendations of the various sub-committees. In the case of the Railways the execution of retrenchment measures has already proceeded very far. Government are considering the other measures, and in particular the recommendation for a further

report by an expert Railway committee on the more technical aspects of the working of the Railways is being followed up. I may at this stage however remind Honourable Members that the Railway Retrenchment measures already adopted are estimated to produce reductions of over 5 crores to which must be added a sum of over 2 crores for cuts in pay.

As regards the Posts and Telegraphs Department, here again the Government intend to follow very closely the lines of the recommendations of the sub-committee. Immediate economies, apart from reductions in pay, and apart from reductions of about 5 lakhs (which cannot be realised for some time) in pensionary contributions, recommended by the Committee amount to 16.4 lakhs. Much larger savings in this Department would ultimately be produced by the Committee's recommendations, but these can only be fully realised in course of time. Here we must be regarded as working towards permanent economies rather than taking emergency measures, and towards the achievement of this end the Government feel that the sub-committee have made a most valuable contribution.

As regards the Army, I need not say more than that the figures announced in my statement on September 26th stand: that is to say the Army authorities have undertaken to accept immediate economies of 5.25 crores, of which 75 lakhs represents cuts in pay of officers holding King's Commissions. In order to appreciate precisely how the steps proposed by the Army authorities compare with the committee's recommendations it will be necessary for Honourable Members to study the details in the memorandum which is being circulated. I need only say that the immediate economy which is promised is considerably larger than that covered by the specific recommendations of the committee—the excess being mainly accounted for by the postponement of the re-equipment programme. The one point which I wish to emphasise here is that military expenditure has now been reduced to a point which leaves no appreciable margin for further reduction except by the actual reduction of fighting troops. Honourable Members will appreciate the gravity of the issues which further steps in this direction would raise.

I may now turn to the ordinary expenditure on Civil Administration, that is to say the field reviewed by the General Purposes Sub-Committee, by the sub-committee on Public Works and Accounts, and by the sub-committee on Stores, Stationery and Printing. The gross amount of the grants reviewed by these three committees up to date (taking into account only the first interim report of the General Purposes Sub-Committee) amounts to 7.56 crores. The reduction recommended by the sub-committee out of this 7.56 crores amount to 201 lakhs, of which the Government have already accepted measures producing 180 lakhs; that is to say Government have already accepted measures giving 90 per cent. of the savings recommended by the various sub-committees. The reductions thus accepted amount to no less than 24 per cent. of the gross expenditure. As regards the remaining part of the field not yet covered by the General Purposes Sub-Committee's first report, omitting expenditure on Debt services, etc., the gross expenditure which is capable of ordinary retrenchment amounts to 10.76 crores. In giving this as the figure for expenditure which is capable of retrenchment I have eliminated items which represent obligatory expenditure—for example, payments under treaties to Indian States or expenditure which has to be incurred in order to produce receipts, e.g., the actual purchase of opium for manufacture by the Opium Department, or expenditure on light-house administration which is obligatory,

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and which is balanced by fees calculated on a basis which will give the Government a corresponding return. It is clear that no saving can be effected by cutting down items of this kind. Out of the total of retrenchable expenditure of 10.76 crores, the plans provisionally adopted by the Government will produce economies of about 142 lakhs: that is to say about 13 per cent. of the total. It will be noted that this percentage reduction of 13 per cent. is less than the general average in the field already covered by the sub-committees' recommendations, but I must point out that that field included all the items, such as grants to various institutions, expenditure on public works, etc., which can be eliminated with comparative ease—at least as a temporary measure—whereas the remaining part of the field covers normal administration affecting the vital functions of Government and consisting mainly of administrative staffs. In this there are no big lumps of expenditure which can be cut out *in toto*, and it is quite clear that there is not the same margin for retrenchment. If we add up the whole of the items of civil expenditure (excluding commercial departments) covered by the proposals which I have outlined the gross expenditure amounts to 18.32 crores, and the economy measures already accepted by the Government to 3.22 crores or 17.6 per cent. of the gross expenditure. I think I may confidently claim that all fair-minded observers will acknowledge that this is a very substantial reduction to be immediately effected in the ordinary running expenses of Government. It must be remembered that it is imposed on a scale of expenditure which has not been abnormally inflated in any way, but represents merely the ordinary expenses incurred in carrying out the normal and essential duties of Government. In this respect the position with which we have had to deal on the present occasion is very different from the position with which the Government had to deal on the occasion of the last great economy inquiry. I mean the occasion of the Inchcape Committee.

Now it may be interesting to Honourable Members if I give a few figures so as to compare the results achieved by the Inchcape enquiry with what we hope to achieve now.

In the first place, as I have said, the general position was quite different. The Inchcape Committee had to work on an inflated post-war budget, and they came in at a period when the necessity for retrenchment was even greater than it is now, for the Government of India had for four years shown budgetary deficits amounting in all to over 100 crores.

The Inchcape Committee did a very great work and showed the way to very substantial economies, but it must be remembered, in considering their total figures, that Railway finance had not yet been separated, and that by far their greatest reductions were made in Railway and Army expenditure.

Taking the field of the heads of civil administration generally, their recommendations amounted to 216 lakhs. Of these recommendations the Government accepted about 63 per cent. As regards final results on the heads of civil administration, the actual expenditure as between 1922-23 and 1923-24 showed a reduction of 124 lakhs. In our case we have, as I have stated, accepted economies producing 90 per cent. of the Committees' recommendations, and with the figure of 124 lakhs we may compare our total of 322 lakhs, to which must be added the further economy from cuts in pay. I must explain here that when comparing the figures

of actual results one must recognise that there are certain disturbing factors which intervene, such as new demands coming in, and the operation of incremental time-scales which mean automatic increases offsetting some of the economies. Our figures also may be to some extent affected in this way, but the broad results which I have given sufficiently indicate the magnitude of our present efforts.

But let me present the picture in another way, so as to indicate broad results. In testing what has been done by way of economy it is misleading to take the total budget figures. Debt services and expenditure on commercial departments, or on such revenue-producing activities as are included under the opium and currency heads, should be eliminated. The test figures are those for the ordinary civil administration (including tax collection), and military expenditure. In order to show up results in this way I have prepared a table which analyses all the heads both on the revenue and expenditure side. This is a more elaborate version of the table printed at the end of the Financial Secretary's statement of September 1929, but it has been prepared on slightly different lines. This table will be circulated with the other papers today, and I would ask all Honourable Members to study it carefully. From it one may make a broad comparison between the results of the earlier economy campaign and those of our present campaign. In the former case I would compare the actual figures for 1922-23 with those of two years later, 1924-25, and in the present case I would compare 1930-31 (for we had already made substantial cuts in the current year's budget) with what we anticipate for 1931-32.

In the earlier case, that is to say, on the occasion of the Inchcape Inquiry, the total expenditure on civil administration and the army was reduced from 85.11 crores to 75.08 crores in those two years, a reduction of just over 10 crores representing $11\frac{1}{4}$ per cent. on the total expenditure. In the present case, if our forecasts are realised, we shall have brought expenditure under these heads down from 77.59 crores to 64.78 crores, a reduction of 12.81 crores or $16\frac{1}{2}$ per cent. on the total expenditure. Those at least are the results which we hope to achieve and I think that nothing will intervene to prevent it.

Can any one say that this would not be a very substantial achievement.

Let me carry the comparison a bit further as regards details. I have already said that the main part of the earlier economies were in military expenditure, and it is further instructive to see how these economies in military expenditure under the Inchcape enquiry were brought about. In the first place they got about 273 lakhs by reduction of troops by three main measures:

First, by reducing the strength of each British infantry battalion, which produced . . .	146 lakhs.
Secondly, by similar reductions in Indian battalions and Artillery Units, which produced . . .	53 lakhs.
Thirdly, by reducing three British cavalry regiments, which produced	74 lakhs.

Can we reduce troops now?

I would ask Honourable Members to recollect that actually the fighting troops in India have since 1922 been reduced by about 12,000 British ranks and 18,000 Indian ranks.

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Then, again, the other savings on military expenditure included in the Inchcape Committee's recommendations were based largely on savings in the purchase of stores made possible by the huge accumulations from the war. They were able to recommend savings of no less than 2 crores for the next year under this heading alone. Ordnance stores and reserves had been so heavily accumulated that the Committee recommended a reduction of something like 6 crores in stocks.

We have nothing like this to work on now. Nevertheless how do the results compare?

After the Inchcape report Army expenditure was reduced from 65.27 crores in 1922-23 to 55.63 crores in 1924-25, or by about 9.6 crores representing 14.7 per cent. We shall have brought down the reduced budget from 55 to 46.65 crores, or by 15.4 per cent. in two years.

Lastly, as regards the Army, I must remind Honourable Members that the Inchcape Committee held out the prospect, as a goal to be aimed at if prices further fell substantially, that military expenditure should be reduced to 50 crores. In the budget for 1932-33 we are allowing 46.65 crores for military expenditure— $3\frac{1}{2}$ crores less than the minimum aimed at by the Inchcape Committee.

I am afraid that I have detained the House rather long in going over the Retrenchment position, and I am afraid that it will take them still longer to study in detail all the memoranda which I am circulating. But unless they do this they cannot fairly assess our proposals. I feel that I can claim with absolute confidence that on broad lines our proposals are adequate, for we hope to achieve results reducing normal civil and military expenditure in two years by nearly 13 crores or $16\frac{1}{2}$ per cent. to which must be added economies on the Railways including cuts in pay of over 7 crores. My Honourable friend, Sir Hari Singh Gour, in speaking on the first reading of the Finance Bill, complained that he had pressed repeatedly for a general 10 per cent. cut in all expenditure. I have shown that in the budgets for the two combined years with which we are now dealing we shall have cut down our controllable expenditure by no less than $16\frac{1}{2}$ per cent. Therefore by this test we have achieved 165 per cent. of what my Honourable friend thought reasonable and proper; but if he will test the matter in another way and examine the practical steps by which alone this degree of retrenchment can be effected, I venture to believe that he will be startled at the very drastic measures which it involves. It means that we shall have to dismiss large numbers of officials, and to restrict the activities of the Government in many important fields to a point which, apart from the extreme financial necessity, must be regarded as most undesirable. We believe that we have stopped short of the complete destruction of anything which is of fundamental importance in the national interest—but we have cut very near to the bone in many cases. Many will criticise us for having gone too far, but I believe that we have not gone so far as to risk the death of any important part of our organisation from starvation. In the end I have confidence that the body of Government administration will benefit from the period of restriction and that just as in many cases the human body may benefit from a weekly day of fasting, or as the vital forces of a plant may be conserved better by pruning, so, in the case of Government, when more prosperous times

come we shall find that the clearance or pruning now effected will have regulated and conserved its energies in a way which will be for the public good.

I must now turn to the other two test questions which I mentioned at the outset,—the questions: "Are our taxation proposals fair?" and "Are we trying to raise too much?"

I shall conclude very briefly. Our taxation proposals must be regarded essentially as a whole. They are mainly based on the idea that there is in the present emergency a need for increasing the yield of taxes. They proceed on the lines of imposing an equal surcharge on all, so that the incidence of taxation as a whole remains unaltered. We believe that in broad outline this is essentially fair. We also believe that there is no particular class which will in this way be asked to bear more than a fair share in a common sacrifice, or which will be subjected to a greater burden than can be borne. This matter can be followed out more fully in discussion of the particular proposals, but our attitude is that all parts of our plan are essentially interdependent. We recognise that in certain particular cases secondary effects may be produced by this general increase in the rates which, if each item could have been considered in isolation, we should have been inclined to avoid. But our view is that our plan must be taken as a whole, and that, regarded as a whole, it will broadly work in the interests of the country and with fairness to all classes of taxpayers. If an attempt is made to alter it in detail it will open the way to unending argument and destroy the essential and broad purpose of the whole plan.

I will now touch finally on the last question. Are we trying to raise too much? On the answer to that I have no doubt. We want all that we can get, and if in the end we have a margin to spare, then that will be all to the good. We want the world to know that India is determined to live within her income, to meet all her debts, and to maintain financial stability without doubt or question. That perhaps more than anything else is the most vital purpose of our present plan.

But I may be told "By the severity of your measures you may be defeating your own object and actually losing revenue". Well, I recognise

that as regards a part of our proposals, for example in the case of certain articles affected by customs import duties,—that may turn out to be the case. But here again I must ask Honourable Members to regard our plan as a whole. We have put on this surcharge all round on direct and indirect taxes. The fact that we are imposing it in the one case is an essential justification for imposing it in the other. In the greater part of the field the higher rates will produce more money, but, if in the case of certain imports the volume is restricted, that in itself will have another advantage in that it will tend to encourage Indian production, and improve our balance of trade, and so generally to strengthen the financial stability of India. In this connection I might quote from a passage in a recent article by a leading economist, Mr. J. M. Keynes. In criticising the proposals of the British Government in their own emergency budget he wrote as follows:

"The objects of national policy, so as to meet the emergency, should be primarily to improve our balance of trade, and secondarily to equalise the yield of taxation with the normal recurrent expenditure of the Budget by methods which would increase,

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rather than diminish, output, and hence increase the national income and the yield of the revenue, whilst respecting the principles of social justice."

He claimed that the actual policy of the British Government failed on both of these tests.

Whether this was justified as a criticism of the British proposals or not does not concern me. But I believe that as a statement of objects to be aimed at the passage would receive general acceptance in India. I claim that our budget proposals go as near to attaining those objects as would be possible in any practical plan. The increased customs duties have already encouraged a new optimism in the field of Indian manufacture, while agriculture also has a small and direct benefit from the cotton and sugar duties. On the other hand neither the income-tax nor salt increases are likely seriously to impair consumption or enterprise. It is easy to use exaggerated phrases about crushing burdens of taxation, but if we take a look round all the markets of India and all her fields of enterprise today, and compare their condition with that of two months ago, I think it must be admitted that, whatever politicians may say about the new taxation, there is everywhere a brighter spirit of cheerfulness and hope.

In any case even if cheerfulness may not yet be justified, there can be no doubt in the minds of any one who is proud of India and wishes her well, that this is a time for determined and combined effort, a time to tighten our belts, set our teeth, and fight down the further difficulties which remain before we can relax with the battle won. When that is won the whole of India will be the gainer. (Applause.)

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

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

Mr. B. Das (Orissa Division: Non-Muhammedan): Sir, at the outset, I wish to make a statement that I and my colleague Mr. Amar Nath Dutt do not wish to move the motion standing in our name. At one time we thought that such a course—the reference of the Finance Bill to a Select Committee—would clarify the various issues that we have to face this session, but we now think that as the course of discussion goes on we may be able to find a *via media* by discussion with the Finance Member and arrive at an equitable solution as to the proper taxation measures that should be adopted.

Sir, the Honourable the Finance Member went out of his way to make a long statement this morning. He himself admitted that the grave taxation proposals which he had brought forward had not met with any approval or any appreciation in the country, and in order to silence criticism from this side, he marshalled figures and statistics, which during the very short time that intervened we could not grasp properly. If we are to give our opinion on the figures and the statements that the Finance Member has produced this morning, I would suggest to him that he should straightaway publish his speech tonight and circulate it to the Members

so that those who will take part in the discussion in the consideration stage tomorrow and the day after might be enabled to properly deal with the accuracy of his figures. I did not mean, when I gave notice of that important motion of reference to a Select Committee, to allude to the reports and recommendations of the various Retrenchment Committees and the analysis which the Honourable the Finance Member has produced shows that that subject cannot be handled in the general discussion today. The proper course would be for the Honourable the Finance Member to allow us by mutual agreement to table a motion on the recommendations of the Retrenchment Committee which should be accepted by the Government. The subject is so very important and so very difficult and during the luncheon interval so many volumes of statistics have been placed on the table that it is best that two days should be set apart for discussion on the retrenchment proposals and also the salary cuts. Sir, I do not want to pass any observation on the salary cuts or whether the 10 per cent. cut will bring more money to the Government exchequer than the graduated cut which we as members of the Retrenchment Committee recommended. But I feel that, we should be permitted to discuss the general retrenchment question separately before we discuss the taxation proposals.

Sir, the Honourable the Finance Member when he spoke last September invited us to offer fair and honest criticism. I am standing here today to offer fair and honest criticism, though for a moment or two it might appear unpleasant to the Treasury Benches. Nobody on this side of the House wants to waste the time of the House or to waste his own time in useless criticism. We who have come here to represent the taxpayer and the nation try to criticise to the best of our ability in the best interests of the country. If it is misinterpreted on the side of the Treasury Benches or by some Honourable Members of this House, Sir, it is no fault of the people of this country nor the people's representatives. Sir, there is strong opposition in the country to the new taxation proposals. My Honourable friend, the Deputy President, Mr. Chetty, in his able motion which he moved and which this House carried with 64 votes proved that much of the financial deterioration in the country is due to the currency policy of the Government of India. I do not wish to discuss once again the subject which this House has decided unanimously, but I wish to point out that the Government would not be faced with this huge deficit if they would today allow the rupee to find its own level. The Honourable the Finance Member in his speech this morning stated that he finds general improvement in trade and commerce all over the country. I would tell him that he would have found much greater improvement in trade and commerce had he allowed the rupee to find its own level. I would ask him to read the situation as it happened in England. In England Lancashire is booking large orders; industries are thriving; trade is booming up. Why? Sterling has gone down. So England is booking large orders. If the rupee was not linked to sterling, India could do large business outside Great Britain, outside the British Empire. Today the rupee being tied to the apron strings of sterling, Indian trade is confined to the British Empire. Sir, why this treatment to India? Why this treatment to Indian trade and commerce? There is an underlying policy. It is British preference; it is Imperial preference. The rupee is tied to the sterling today and it gives a preference to British trade and commerce in India and Indians who trade with Germany, with Japan and China cannot do sufficient business. Well, the Finance Member might talk of prosperity; we think of the disaster that is facing us by this policy of the rupee being linked

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to sterling; and although I did not take part in the debate which my Honourable friend the Deputy President led so admirably, I would just observe we had all our sympathy with the Finance Member in those days of trial; but that a Secretary of State, sitting six thousand miles away could say that India's gold reserve, India's fortune should be tied to the sinking sterling of England is a curse; that curse must be taken away from India today.

The policy of linking the rupee to sterling is taking away the wealth of the country. Today the country has very little wealth. Taxpayers in the countryside cannot pay their ordinary land revenue. The very fact that the customs revenue has fallen shows that people have no buying power. It has gone because there is no money and if the Honourable the Finance Member and his colleagues on the Treasury Benches have had the courage to defy the Secretary of State and allowed the rupee to find its own level, money would have become available to trade and commerce. The question of the currency and ratio is tied to another problem, the problem of the mastery over India, whether India will be ruled by the Secretary of State or by the people themselves in the interest of the people. It is that which will decide the question of the currency.

Sir, I have already said that I won't discuss the retrenchment proposals on this motion, but I will state this much. If the Government see eye to eye with the Opposition, they will find more avenues for retrenchment and reduction of expenditure than at present they can surmise. It is better that they should do it. Otherwise they will be heading for disaster and a fall, and although the Finance Member, when he delivered his Budget speech last March forecasted that he would not ask for more taxes he has come forward with new taxation proposals within six months till March 1933, and who knows that in March 1932 he may not come forward again with more taxation proposals and say, "I did not foresee the effects of the rupee being tied to sterling and I now find that large sums of money are required and this Assembly must vote further taxation".

Now, regarding the taxation proposals, I consider that the surcharge on the salt tax is the most iniquitous tax that the Finance Member has sprung on the taxpayers, knowing fully well that the poor man today has no money to buy salt owing to the ratio policy, which is not his but his predecessor's and which was inspired and dictated by the British Government. Today there is no money in the countryside and the poor man cannot buy his pinch of salt, and the Finance Member wants to raise a crore of taxation by a 25 per cent. surcharge on salt. No elected Member of this House will ever subscribe to the idea that the salt tax should be increased.

Then, Sir, there is the taxation on machinery. As a businessman and an industrialist, I would never subscribe to the idea that machinery should have 10 per cent. taxation. The *Statesman* characterised the last Budget of the Finance Member as a Swadeshi Budget. I do not know whether any one who would like to see Indian industry thrive would call the present Budget as a Swadeshi Budget. There are two stings to this. One sting is that the rupee is tied to sterling and the second sting is that machinery is being taxed. I would never subscribe to the taxation proposal on machinery.

Then the third tax which I will not subscribe to is the income-tax on salaries ranging from Rs. 1,000 to 1,999. These people who draw about Rs. 88 a month should not be taxed and it is simply ridiculous to tax them in these hard times and I will never countenance that proposal. The Finance Member will say, "How am I to meet my deficit of 19 crores? You have not suggested any other system of taxation?" There are other systems of taxation.

I will, Sir, show him two or three modes of taxation. This Assembly has discussed them in the last session and previously too. Last session we discussed the export duty on hides and skins. At present it is 5 per cent. We suggested that it should be 20 per cent. and if not 20 per cent., at least 15. The Honourable the Finance Member knows that India exports nearly 5 crores worth of goat skins, cow hides and buffalo hides. A very small portion of this goes to England. I find that most of it goes to America and I cannot understand why the Finance Member is so unwilling to raise the export duty on hides and skins. If he puts an additional duty of 10 per cent. I am sure he will get a crore of rupees (*Dr. Ziauddin Ahmad*: "Question.") I find that that my friend *Dr. Ziauddin Ahmad* questions me. If he turns to the Review of the Trade of India he will find that 540 lakhs worth of hides and skins was exported in 1930-31. In 1929-30 it was 789 lakhs and in 1928-29 it was 947 lakhs. Of course prices have gone down during the last two or three years. Even allowing for that, he is sure to get about 75 to 80 lakhs of additional revenue. When I see the taxation proposal on the poor man's salt, I do not understand why the Finance Member has not explored other avenues of taxation. He can put an excise duty on tea and coffee. He should thereby get at least 50 lakhs of rupees per annum. I find that India's local produce of tea was 391 million pounds in 1930, 433 million pounds in 1929 and 404 million pounds in 1928. I find that the chief tea producing countries are India, China, Japan, and Sumatra. More than half of this tea is exported outside and half is consumed in India. It is not the poor man who drinks tea, but the man who has money. It is the man who can pay prices varying from 6 annas to Rs. 2-8-0 a pound that consumes tea. If there is a 5 per cent. excise and export duty on tea and coffee, he will derive an income of a crore or a little more. Next, the export of coffee, I find, comes to the figure of Rs. 1,90,00,000. Rs. 1,92,00,000 worth of coffee was exported in 1930-31: and as I know the conditions in the Madras Presidency, I can make bold to say that large amounts of coffee are consumed in that Presidency. So, I ask, why not tax the middle classes and the upper classes, instead of taxing the poor man and his salt? I have therefore suggested the Finance Member a second system of taxation whereby he can get another crore and a few lakhs by taxing tea and coffee.

I would now suggest a few more items for taxation. During the Budget session last year we drew the attention of the Honourable the Finance Member to the fact that he should tax grease, which, in so far as it is produced in India, is not taxed. Today I am giving him a few figures. Now, if he will tax some of the minerals produced from the oil-fields and at the same time equalise the duty on mineral products, then he will derive an income of Rs. 1,26,00,000. I find that lubricating oil has no excise tax put upon it. In India there are today 31,000 tons of batching oil produced; and if this excise duty is levied, then it will bring Rs. 4,87,000 to the Indian exchequer. Now the lubricating oil

[Mr. B. Das.]

produced in India is 5,651,000 gallons. Now if the excise duty is put at the same figure as the present duty on the imported articles, it will bring in an income of Rs. 7,35,000. Then grease produced in India is 1,269,000 tons, and if the same duty is levied, it will bring Rs. 61,900 to the exchequer; and if the duty on kerosene is equalised, which the Honourable the Finance Member at one time thought was an equitable system of taxation—knowing as we know that the Burma Oil Co. and the various oil companies pay dividends up to 30 per cent. or more to their shareholders, we must also remember that some of the original shareholders also received a bonus of three shares per share held a few years ago, I think the Honourable the Finance Member will bring to his exchequer very large sums of money. If these suggestions are pursued, in my estimation it comes to Rs. 1,26,86,000. Sir, we have seen that although there is a difference between the excise duty on kerosene oil and the duty on the imported kerosene oil, the consumer gets no benefit: and today the masses in the villages are reduced to such dire poverty that they buy little kerosene oil, and thus while formerly they used to keep awake till 8 or half past 7, now they go to their hovels to sleep at 7 or half-past 6 because they cannot afford to buy the little pot of kerosene oil to give them light while they consume their frugal and dull evening meal. So, I say, why not equalise these two duties, whereby the Honourable the Finance Member can get a revenue to the tune of one crore of rupees. And, Sir, this does not come from the poor man, this comes from the middle classes and from the richer classes of people, and if the Honourable the Finance Member can prove to me from statistics that in the mufassil areas the prices of kerosene vary, that the Burma kerosene or other Indian kerosene is sold at a cheaper rate than the Standard or other oils sold in India, then I can believe that the Government have the intention to supply a cheap medium of illumination to the poorest classes. Sir, I think the Government is acting under sentiment; and I think that when they are facing a national crisis, they should not act on their sentiments but must collect taxes from the richer classes. The fact then is that the rupee being linked to sterling is thereby giving preference to British manufacturers and traders, and this differentiation in the duty between the excise on kerosene gives preference to British capital invested in Burma and other places, and if the Finance Member or anybody from that side can prove that the differentiation in duty relieves the tax-payer and goes to cheapen, to lighten the burden of the poor man, then I shall withdraw my criticism: but, Sir, from my observations and enquiries during the recess, during the few days that I have been separated from Simla session and Delhi, I find that the price of kerosene all over the country is the same.

Sir, I could multiply further proposals for taxation (Laughter), but I dare not do that lest it should prove a boomerang which might rebound on us: and probably I might find that in his next Finance Bill the Finance Member has incorporated some of my ideas in such a way as to still further hit the poor man while at the same time not equalising the duty on the imported kerosene and country-made kerosene. Sir, I have taken this trouble to suggest these methods of taxation because the Honourable the Finance Member very often said previously that

we do not come forward with alternative proposals, but always criticize blindly and make destructive criticisms. Now then I have put forward constructive suggestions which will not only relieve the anxieties of the Honourable the Finance Member but will relieve also the anxieties of those of us who are here to represent the poor man's cause and the people's cause. Sir, taxation should be equitable, and it should not hit the poor man unduly and at all times.

Sir, I must sound one word of warning to the Government. Since my Honourable friend, the Deputy President, carried his motion in the House, we have heard nothing through a communiqué or otherwise that the Secretary of State for India or the British Government has taken any note of the motion of my friend, Mr. Chetty. We want to know from the Honourable the Finance Member whether the British Government have opened any credit for India. I shall make this warning. When Congress brought out their literature repudiating debts which the irresponsible Government of India in the past incurred for the aggrandisement of British rule in India and in the East, I wanted to keep an open mind and to examine every item put forward in the Congress document, and I wanted to see if full repudiation was justified. But I will tell the Honourable the Finance Member this: while I have an open mind and I am willing as Mahatma Gandhi has suggested to accept reference to an impartial tribunal of the past debts of India, I as a member of this House will repudiate any loan that has been incurred by the Government of India through their blind policy of linking the rupee to sterling; and, Sir, if today the Congress and the Nationalists think alike, on this question of the repudiation of India's debt, the Finance Member and the Government of India's master, the Secretary of State, have to thank themselves for it.

Mian Muhammad Shah Nawaz (West Central Punjab : Muhammadan): Mr. President, at a time when business is practically at a standstill, when agricultural incomes have gone down terribly, when India is passing through an unprecedented financial stringency, when the capacity of the people to pay is at its lowest ebb, it is no wonder that the supplementary taxation proposals unfolded by our Honourable friend, the Finance Member, have caused a storm of angry protest throughout the length and breadth of this country. It is futile to say that the proposals, drastic as they are, will not cause heart-burning and indeed it requires the mind of a stoic philosopher to submit to them. Sir, the Honourable the Finance Member has taken a very bold and courageous step, but I doubt very much whether the results anticipated by him will be realised. We are nearly approaching the operation of the inexorable law of diminishing returns. Smaller incomes and higher taxes mean an inevitable decrease in the purchasing power of the people, and following a vicious circle tend to reduce the yields from the very taxes which it is sought to raise. Now, Sir, the Finance Member told us in his speech at Simla that during the present year the customs duties will fall short by 10 crores, income-taxes by 1½ crores, and railway receipts by 5·35 crores. In other words, instead of a surplus of 1 crore which was anticipated, we are brought face to face with a deficit of nearly 19½ crores during the current year and a further deficit of 19½ crores during the year 1932-33; and we are told to balance this huge deficit. It is therefore obvious that the financial position of our country is desperate; but the Finance Member has devised equally desperate remedies. Sir, he has

[Mian Muhammad Shah Nawaz.]

proposed three methods to meet this deficit: firstly, by imposition of additional taxation; secondly, by a cut in the salaries; and thirdly, by retrenchment in establishment, including retrenchment in Army expenditure. With your permission, Mr. President, I shall take these items in their order.

If the magnitude of the deficit is staggering, so is the width of the net which our esteemed and able friend the Finance Member has so carefully cast around us all. Indeed he has enclosed all fishes, big or small, red or white, brown or black. Nobody has escaped: nobody has escaped the lynx-eyed Finance Member. The surcharge of 25 per cent. on all import duties will affect indeed everything, from a small pin to a motor car. The prices of commodities have shot up like a bullet in the air. Petrol has gone up by two annas a gallon: the poor man's salt, of which we have been hearing so much and for which we could not give him any relief, will cost him a pie more per pound; the poor man's postcard will draw more out of him. Imported cloth has become dearer. There are going to be more duties on machinery, dyes, sugar and boots and shoes. The lowering of the taxable income from Rs. 2,000 to Rs. 1,000—a limit unknown during the last decade and a half—and the surcharge of 25 per cent. on the present taxes on incomes will be viewed with trepidation in this House and are bound to give rise to a storm of angry protests and I am afraid our able and esteemed friend the Honourable the Finance Member will not have an easy task to support in its entirety the measure which he has brought forward. More than others the middle classes will have to bear the strain, and really we do not know which way we have to turn for comfort, oppressed and depressed as we are at present. I say the agriculturists and others are being hit very hard, and it requires indeed a great amount of courage to submit to the drastic proposals which our learned friend has brought forward. Sir, I remember that on the 24th September last in Simla he declared that the main permanent measure to restore equilibrium must be by way of retrenchment, and in the interval until the retrenchment proposals were to become effective, he would resort to other measures to restore immediate equilibrium. I am sorry to say that this clear statement of the intention, on the part of the Government, has been repudiated, if not entirely falsified, by the measures he has brought forward today and by the unkind—I will not say merciless—speech he has made today on the floor of this House. He has proposed a cut of ten per cent. in the salaries of the higher officials, including the military officers. His Excellency the Viceroy has given a noble lead and set a magnificent example by voluntarily cutting down his emoluments by 20 per cent.; and the Governors of the provinces, at least of the Punjab, and the Executive Councillors of the Government of India have imposed on themselves a cut of 15 per cent. But the other higher officials have to suffer a cut of only 10 per cent. Our learned friend the Finance Member has praised the public servants, and I am not behind him when I say that they have indeed rendered great and valuable services in this country, that the I. C. S. and other services have done very well. But I have to take two serious exceptions to this proposal. In the first place, the cut of 10 per cent. is too meagre in the case of the higher officials and officers of the All-India Services, particularly when we know that these people are more highly paid than officers holding corresponding positions in

other countries of the world. It is all very well to say that a 10 per cent. cut is the fairest and most equitable. It may suit the interests of the All-India Services to place themselves on a footing of equality with their semi-starved subordinates, but this extra ordinary love of equality cannot deceive anyone. The Honourable the Finance Member, for whom we have the greatest regard, has clearly said that the services, by a cut of 10 per cent., have been hit very hard, and any higher cut than 10 per cent. is not permissible. Well, Sir, we are not enamoured of the recommendation made by the General Retrenchment Advisory Committee, but would it not be better if the emoluments of those who are getting Rs. 500 were to be cut down by the 10 per cent., and of those who are getting higher than Rs. 500 by 15 per cent.? That certainly will give us much more than 1 crore and 28 lakhs. As I say, it is for the Government to devise means. The Retrenchment Committees have done their best, but if they have made a mistake in calculation, there is no reason why the mistake should not be rectified and a higher cut announced. The second objection I have to this cut of 10 per cent. is that it is of a temporary character. Not only that the 10 per cent. cut in the salaries of officials is to be the last to come into operation, but it is to be the first to disappear. I ask, Sir, whether in the present financial stringency, in this national emergency, as our esteemed friend the Finance Member has been pleased to call it, it would not be better to make a higher cut.

And, Sir, this brings me to the Lee concessions. Our learned friend has told us today that by touching these concessions we would not gain much. Indeed he said that the retrenchment in the Government of India would not be more than 9 lakhs. As you are aware, Mr. President, we are not laying down rules for the Government of India, but we are laying down rules for the whole country including the provinces. If the Lee concessions are withdrawn, the saving would be very considerable, apart from the question of increased salaries. But I ask the Honourable the Finance Member if it is not a fact that the Lee concessions were proposed at a time when the prices were very high? Does not everybody know that the prices of commodities have declined very much since those concessions were granted? Is it not then only fair to ask that the Lee concessions should be reduced if not altogether withdrawn? As I say, Sir, it is a case of national emergency, and if the House is prepared,—and the Government have practically accepted the proposals of the Retrenchment Committees that some of the posts ought to be abolished, that some of the incumbents of the posts must go,—and if the House is prepared to carry into effect such drastic measures, is it really too much to ask, is it too much to hope that the Lee concessions should be withdrawn? As I said, we must make up our minds to suffer sacrifices, and it lies with the higher officials to gladly accept a higher cut than 10 per cent., and for the time being at any rate, we feel that the Lee concessions should be withdrawn.

Again, Sir, the Honourable the Finance Member has not said anything about the new recruits. Is he going to give them the same scales or rates of pay as are now enjoyed by the present All-India Services, or is he going to reduce permanently their emoluments by 10 per cent., 15 per cent. or 20 per cent.? I ask the Government to make up their minds and to say once for all that India cannot afford to give the present salaries, and the salaries of the new recruits at least must be fixed on a lower scale.

[Mian Muhammad Shah Nawaz.]

That will effect some saving. We must cut our coat according to our cloth.

Sir, our Honourable and esteemed friend the Finance Member says that there cannot be a higher cut than 10 per cent. in the salaries of the officials. It reminds me of what Gandhiji said at Karachi. He in all seriousness says that no public servant should be paid more than Rs. 500 a month, and that none except the experts should be given a thousand rupees per month. But here is our noble friend, the Honourable the Finance Member, who says, there cannot be any cut more than 10 per cent. Moderate as I am, and most of us are not extremists, we are placed between these two extreme fires, one saying that no one except the experts should take more than five hundred rupees a month and the other in his able but none the less merciless speech saying, there cannot be more retrenchment, there cannot be a higher cut than 10 per cent. in the salaries of higher officials. Sir, we must face the facts. There is a financial crisis; the people have not got money; business is at a standstill; agricultural incomes have enormously decreased; everybody is going to suffer; all must suffer and the higher officials must also suffer. Sir, our able friend the Honourable the Finance Member says that the higher officials are very hard hit, but I think those who are getting nearly one thousand rupees per year are hit harder. Remember, Sir, that according to the Meston level, those who were making an income of less than Rs. 2,000 a year were free from imposition of any taxation and here is a poor clerk who is getting one hundred rupees a month and who is called upon to get his salary cut down by 10 per cent. and also to pay income-tax. Is the case of the latter not harder than that of the higher official whose fat salary is cut down by 10 per cent. and the tax on his income is not to be increased beyond the level he is already paying? Put the cases of these two persons in the scales of justice and see who is the hardest hit,—whether the poor clerk or the higher official? Therefore, the argument that the 10 per cent. cut is the fairest and most equitable cannot hold water for a moment.

I now come to the question of retrenchment in the expenditure of the Army. I know that India is not the mistress of her house, that we are not masters in our own house, that we cannot interfere with the policies of the Army. Therefore, we accept this cut with sincere thanks, simply because we are in a state of helplessness; but we sincerely believe that there is still ample room for retrenchment in the Army expenditure. The Honourable the Finance Member has reminded us of the Inchcape Committee's Report; he has told us that the expenditure has been reduced to nearly Rs. 46 crores and odd in accordance with the recommendations of that Committee. So far, well and good, but is he not ignoring the fact that the Inchcape Committee recommended that the strength of the battalions should be reduced? Has the strength of the battalions been reduced to the level recommended by the Inchcape Committee? Can our Honourable friend the Army Secretary say that it has been done? Well, if we were to accept the Inchcape Committee's Report, the British troops would have been cut down, and there would have been a saving of nearly Rs. 10 crores. I ask you, Mr. President, and I ask every Honourable Member of this House whether we are not safe from war now. Is not Russia far away from the base of its operation, far away by thousands of miles? Afghanistan is quiet, and there is a proposal for disarmament.

I think we are pretty safe, but Mr. President, there is a lurking suspicion in the minds of Indians that Indian Army is kept on the frontier to keep Indians down. I may not share that view, but I say as an honest man that the suspicion is there and we still believe that the number of British troops and Indian troops can legitimately be cut down by a few thousands. I do not say that the Army should be cut down very much; I do not propose that, because safety is the first rule and we must be safe in our own country. But when we are really on the verge of starvation, and when our frontiers are pretty safe, is it really not wise to satisfy the people, to make them happy and contented by reducing the Army by a few thousands? Therefore, I humbly and respectfully submit that there is still room for retrenchment in the expenditure of the Army. Again, Sir, is it not a fact that this huge Army is kept on the frontiers of India for imperial purposes? Is it not fair and just that Great Britain should contribute her share towards the maintenance of this Army?

Mr. President, the Honourable the Finance Member is really placed between the devil and the deep sea. With the suspension of the gold standard in England, nobody, not even England, with the best of intentions in the world, can bring us out of this mess. We have to solve our own problem. Let us not be pessimistic, but let us not be ultra-optimistic, because the situation is indeed very grave. We will consider the Finance Bill on its own merits. Personally I think that more retrenchment and less taxation would have been more feasible, more just, and more proper. Sir, I regret to say that the main permanent measure to restore equilibrium has taken the form of additional taxation and a half-hearted programme of retrenchment and emergency cut in salaries has been decided upon and announced in a most apologetic manner. During the course of the speech which our able friend, the Finance Member, made today, wherein he was repeating again and again that there could be no more retrenchment and that we must resort to additional taxation, I was repeating in my humble heart, "Master, have mercy on us". I do hope that he will still have mercy on us and have more retrenchment and less additional taxation, because although in a desperate financial situation, drastic remedies may be called for, these remedies must not be too desperate, and so heavy as might kill the poverty-stricken of this vast country. With these words, Sir, I support the motion that the Finance Bill be taken into consideration. (Loud Applause.)

Kunwar Raghbir Singh (Agra Division: Non-Muhammadan Rural):

Although I am prepared to congratulate the Honourable the Finance Member on his proposal to tax some of the foreign articles, the same thing cannot be said about his other proposals, that is, his proposals

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to tax articles of daily use which will hit the poor people most. He proposes to tax salt further, which will fall generally on the poor people who will be very hard hit. No responsible, elected and representative Member of this House can grudge the Government help for their taxation proposals, but the time for taxation must be appropriate. The condition of the country is so very critical that the people are absolutely unable to bear any further taxation. The country is already overtaxed, and so it will not be advisable to impose any further taxation.

Sir, the Honourable the Finance Member proposes that the limit of income-tax should be from Rs. 1,000. When His Majesty the King Emperor visited India, he announced it as a boon that the income-tax would be levied on incomes over 2,000 rupees. Now, the proposal of the

[Kunwar Raghubir Singh.]

Honourable the Finance Member is exactly opposed to this. When the question of reducing the salaries of the I. C. S. was being considered, it was said that because they were appointed by the Secretary of State therefore the Government of India had no power to reduce their salaries. In the same way, I would say that His Majesty the King Emperor having announced as a boon that incomes below Rs. 2,000 a year would not be taxed, it cannot be within the power of the Government of India to cut down that boon without the sanction of the King Emperor. Secondly, the Finance Member wants to increase the postal rates. The poor people will be hit very hard and I do not think the Government can derive any special benefit from there. Those poor people who could not send telegraph messages or letters used to buy a postcard and send their messages to their friends or relatives as the case may be. But now if the postal rates are increased further, the poor people will be unable to do so, and therefore, all the elected Members of this House must oppose this raising of postal rates. During the war we were told that the increases in the telegraph rates and postal rates were temporary, but there has been no reduction; on the contrary, a further increase is proposed. This will work very hardly on the poor people and every elected Member of this House must be against this proposal.

As regards retrenchment, there is a great grievance in my constituency about the abolition of the postal workshop at Aligarh. Thousands of men will be without bread, and although it showed a profit of Rs. 1,30,000 and the loss was only Rs. 28,000, they propose to abolish it. It will spoil the trade of Aligarh lock factories, which were established there merely on account of this postal workshop which is going to be closed down from January next. There are other avenues of income, but they are not being tapped in my humble opinion. For example, they could propose taxation on the export of bones. Bones are very necessary for the fertilisation of the soil. India being an agricultural country, it is very necessary that the bones should be taxed. If you like, you can further tax sugar; of course, it will help the agriculturist. But to propose such taxation as would hit the poor people would be very inadvisable in my opinion in the present state of the country. And when we are expecting a new constitution very shortly, it will be hard to further increase taxation and thus impair the popularity of the Government. So I request that these new forms of taxation should be tapped and the incidence of such taxation as is proposed should fall on the rich and not on the poor people. No one will grudge the Government the petrol tax or other taxes which fall on the rich, but we are bound to oppose taxes which fall on the poor people. Therefore, Sir, I would request the Honourable the Finance Member to consider the other proposals which are being put before him for his consideration. Moreover, Sir, there is another thing about the postal rates. They are proposing an increase in the inland postal rates but not on the foreign postal rates. All the burden of the increased taxation will fall on us, and not on those people who live abroad or who are carrying on business in India. There should be no discrimination. From the speech of the Honourable the Finance Member, I thought he was against discrimination, but here is discrimination. The increase on inland postage will fall on Indians in India, while the foreign postage will not be increased. It will go scot free. I suggest there should be no discrimination of this sort in taxation.

Kumar Gupteshwar Prasad Singh (Gaya cum Monghyr: Non-Muhammadan): Sir, in speaking on the Finance Bill which we have met to consider, I have only a few remarks to offer. I am not an expert in financial matters and I cannot be expected to overwhelm the House with facts and figures which can be utilized to any purpose from supporting a case to opposing the same outright. The jugglery of figures is not for me. But the position is incredibly simple, and even a layman can understand it and the implications of the Finance Member's proposals. Now what is the position, Sir, which has brought us together in an extraordinary emergency sitting so soon after the ordinary session closed? It is an extraordinary gap between the Government's revenues and its expenditure—a gap which has disturbed even the solid normal complacency and equanimity of the Government generally and the Finance Department of it particularly. The Finance Member has of late been betraying signs of great earnestness in going about the business of balancing the Budget. He has been appointing committees and sub-committees to advise him in effecting retrenchment and in otherwise reducing the expenditure. Even the Army Department, which has always been a closed book, has been, he says, fully opened now at least to the Members who have been on the Retrenchment Committee. Previously the Department themselves had been asked to examine their expenditure with a view to seeing if the same could not be reduced and the percentage of reduction had been fixed roughly at ten to every hundred.

All this makes a good show of earnestness and I doubt not that Sir George Schuster has been making strenuous efforts to effect retrenchments. But, Sir, the ailments that have assailed us are extraordinary and only extraordinary remedies can cure them. Sir George's statement on the financial position, however, does not give us—at any rate it does not give me—the impression that extraordinary remedies were really ever thought of. To put it in a few words, the position as explained by him is that, against an estimated deficit of 19 crores 55 lakhs in the current year and of 19 crores and 50 lakhs in the year to come (1932-33) retrenchment and cuts in salaries will only yield a reduction of 90 lakhs during the current six months and 8 crores 90 lakhs during the next twelve months. In other words in the course of 18 months the total savings to be effected will be 9 crores 80 lakhs, say in round figures, nearly 10 crores out of a total estimated expenditure of 204 crores (the Budget for one year's expenditure being roundly 136 crores). This works out to a percentage of roughly 5 per cent. Now, Sir, I ask seriously, is it an extraordinary remedy that is being applied? Do the proposals or measures whose cumulative effect is a curtailment of but 5 per cent. on an expenditure that has always been held by all competent critics as beyond the means of the people, give any the least indication that the seriousness of the position has been realized? Do they at all show that those who are responsible for them do really consider that the position is critical? A reduction of 5 per cent., Sir, is less by full fifty per cent. than even the proposed reduction of 10 per cent. which the Departments had been instructed to bring about by their own efforts. What have then the Retrenchment Committees and Sub-Committees contributed? Were they then appointed only to prove the truth of the official contention that no retrenchments or at least only very small retrenchments are possible? Or is it that these Committees have not been given full latitude to recommend retrenchment, wherever possible, at any rate to traverse the whole field without let or hindrance?

[Kumar Gupteshwar Prasad Singh.]

I need not, however, speculate upon the reasons that have led to the proposals for this meagre and wholly unsubstantial retrenchment of only 5 per cent. The fact is, and no one can deny it, that with all earnestness or the show of it there is to be a curtailment of only 5 per cent. in the expenditure. And to me it seems, Sir, it is a wholly inadequate appreciation of the seriousness of the financial position of the Government and the country alike that is responsible for the proposals that have been put forward by the Finance Member. But if there is lack of a sense of seriousness in the proposals for retrenchment, there is no lack of it, in fact there is an overdose of it, in the proposals that have been made for increasing the burdens of the people. That these proposals indicate a complete lack of responsibility hardly admits of doubt. The people have been hard hit—that is a fact which cannot be seriously contested by any one. That they have been subjected to increasing burdens in the shape of direct and indirect taxes no one can deny for a moment. And this has gone on for now over a decade, to put it modestly. Only last March there was an increase of taxation to the tune of about 14 crores, and before even a half year is out there are fresh proposals for taxing the people to the extent of nearly 24 crores within a period of 18 months. Within two years, therefore, the burden on the people is to increase by only a little less than 40 crores. I do not take into account the previous increases which were neither small nor light. The increase last March and the now proposed increases between them give us the staggering figure of nearly 40 crores, or say roughly 20 crores annually. I ask, Sir, whether this is an amount which the people in the depleted condition of their resources are, or can be expected to be, able to bear. The condition of the people, as is well known, is desperate. It is not unknown, Sir, that very nearly famine conditions prevail in large tracts of the country. There is not only increasing unemployment, there is also a want of markets for the goods which the people must exchange for money before they can buy even their ordinary necessities. But even where off chance places a market within reach the prices offered are too low—in fact lower in many cases than even the cost price. The vast bulk of the population, Sir, is dependent on agriculture and the plight of the agriculturists is a matter of common knowledge. Does not the Finance Member know, Sir, that several Provincial Governments have been compelled to make large remissions in rents and revenues? Only the other day a Government Committee in the United Provinces recommended reductions in rent to the maximum extent of fifty per cent. of the existing scales. But the rider to the recommendation that in no case should the remission be more than fifty per cent., itself suggests that in the view of the Committee there were cases—and a large number of them too—where a remission of even more than fifty was necessary. That shows the extent of distress among the United Provinces agriculturists. And the position is not much different in the other provinces though the Provincial Governments may be sitting tight in their purblindness. Is it then contended, Sir, that the people who cannot afford to pay even the rents of their holdings upon which their very existence depends, are in a position to pay nearly twenty crores during the next 18 months—for it must be remembered that the major portion of the additional burden will ultimately fall on these people? And this, in addition to any further amount which the Provincial Governments which are already reported to be in search of means to saddle the people with fresh burdens—will surely

sooner or later call upon them to find for the benefit of their own exchequers.

The proposals for fresh taxation are, therefore, under these circumstances preposterous. To expect that any sane person, any one who has even the slightest acquaintance with the condition of the people, will support them is to court disappointment. The Finance Member, Sir, has expressed great sympathy with the people. But what is the value of this sympathy when the only effect of his proposals is to break them completely? Are we to understand, Sir, that the twentieth century meaning of sympathy is to give a push to the man struggling in water so as to drown him immediately thereby giving him immediate relief from the pangs and pains of struggling for existence? The people are without the ordinary means of livelihood, they are not in a position to procure or provide for even bare necessities; many are famished, starving. But all the same they are to be called upon to make further contributions to the Government treasuries. They are to forego even the scanty pinch of salt that they may have been enjoying as the sole condiment of their none too delicious, nor healthy and adequate food. They must cease using kerosene oil and matches and must content themselves with living in utter darkness. They must forget their kith and kin and not remember them even through a postcard. They must pay more for their cloth or convert themselves into Jain Sanyasis or Hindu Nagas, or if they are not so religiously minded, adopt the more modern and civilized cult of nudity whose health-giving virtues are being so increasingly recognized by the Westerners. I need not speak of the effect of the lowering of the taxable minimum for income-tax upon the slender means of people who ten to one never knew what decent existence meant and who, but for the compulsion of keeping up appearances, specially if they happened to be in Government service, would have dressed like beasts, as they very often are compelled to take almost beastly food. Sir, I come from a province which is admittedly poor, whose only resources are its agricultural fields and where consequently all financial burdens ultimately fall upon the agriculturists. And I can speak from an intimate knowledge of the condition of the people what the effect of the Finance Member's proposal will be on them. I must frankly state, Sir, that this would be simply killing.

I am extremely sorry I cannot support the Finance Member's proposals. The argument that it is a national emergency calling forth national sacrifices has really no substance in it. The people had never a hand in framing the Budget; they never had control over the expenditure. They are not allowed to control policies. Why should they then be asked to shoulder burdens on the plea of national emergency? The present situation is largely the creation of Government and its advisers. The Government have never listened to the people. They have never responded to their call for economy. They have gone on increasing expenditure almost at their sweet will. They have created new posts, filled them with men of their own choice at rates of salaries of their own fixing.

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

They have raised loans, fixed exchange rates, contracted currencies, depleted reserves without any reference to the people without even

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caring to inform them as to what was happening, as to what new schemes were in contemplation, how they were to be worked, where the money was to come from. They have fixed the strength of the Army and the amount of money to be spent over it. They have acted to the dictates of Whitehall, engaged in wars at the latter's bidding and assumed the responsibility for maintaining a large alien Army at rates of pay determined by others. In all these and many other similar matters, there never was an attempt to carry the people with them. But when everything has been mishandled and mismanaged, when they find themselves deep in the mire, when they have landed things in a morass, they now appeal to the people in the name of a national emergency to make sacrifices beyond their means and resources. It is highly improper, Sir, to make such an appeal and to a people who have silently made all sacrifices demanded of them and are now in a position where they themselves stand in dire need of relief, when their economic condition is in a state of complete collapse.

And the sacrifices are being demanded when the Government have not themselves gone about the business in a serious, determined manner. Since pre-war days the Government expenditure has increased abnormally. In 1914 it was in the neighbourhood of 81 crores of rupees. In 1931-32 it is nearly 136 crores. There has thus been an increase of well nigh seventy per cent. Only a part of this can be attributed to normal expansion due to the undertaking of beneficial schemes for the people. A large part is certainly due to increases in the emoluments paid to the services, to the creation of new posts and similar other things. During the war and as an after-effect of it there was certainly an increase in the cost of living. To-day, however, the index figure of the cost of living has once more gone back very nearly to the pre-war level. It is probably less than 100, taking the pre-war level to be 100. Taking this factor into account and making all possible allowances for new beneficent schemes and normal expansion in expenditure, a fifty per cent. increase on the pre-war level of expenditure would not be considered either small or inadequate. But the percentage of increase to-day is very nearly seventy. A retrenchment of twenty per cent. was, therefore, the least that could have been expected from the Government if they really meant business and were serious about bringing down the expenditure with a view to meeting the crisis. Instead of that we are being asked to console ourselves with a cut of merely 5 per cent. This is an absurd position and I for one cannot accept it. Not until Government have shown that they are really serious and have taken actual steps to prove that they are serious by bringing down the expenditure by 20 per cent. or thereabout, can they in fairness ask the people to make further sacrifices. And if they do that, they will find that the gap has been covered, the deficit has been made up, that the people need not be called upon to add to their existing contributions which are more than they can afford even in normal times, not to speak of the present abnormal days.

One word more and I have done. The other day Sir Samuel Hoare, the present Secretary of State for India, is reported to have told a number of delegates to the Round Table Conference that the British

Government alone could decide the size of the British Army in India. Accepting for a minute the soundness of the view, may I ask, Sir, what is it that prevents that Government, who have declared their intention of lending as much money as the Government of India needed to keep their heads above water, from deciding now, when Indian finances are in a morass, to cut down the strength of the British garrison to a figure well within the competence of India to support. The question of Indianization of the Army may be a matter of policy. It may be awaiting discussions and settlements between the Indian delegates and the British Government delegates to the Round Table Conference. But the decision to increase or reduce the strength of the British Army in India is more or less an administrative question, and even if it may involve questions of policy, it is a matter in which the British Government are fully empowered to take any action they like. If that Government are so anxious to prevent a financial collapse in India, why do they not decide to reduce the strength of the British Army in India by, to begin with, at least half its present numbers? Such a step will not only help to bring down expenditure and put Indian Government finances on a more stable basis, it will also be a gesture of good-will towards the people of India who have always suspected something sinister in the retention of such a large alien Army and who have ever regarded it as an army of occupation. And why do not the Government of India, who never fail to appeal to the good sense of the people, appeal to the good sense of the British Government. If that reduction were to take place—and we see no reason why it should not—that alone would bring down the military expenditure by nearly eight crores. This combined with other economies in the military expenditure will give from the Military Budget alone a saving of over 12½ crores, if not more. And it will not be altogether an exorbitant saving to expect. The Military expenditure in pre-war days was less than 30 crores. To-day it is stabilised at 55 crores though on account of the spread-over of certain equipment charges the figure for 1931-32 stands only at 51 crores 90 lakhs. Allowing for an increase of even fifty per cent. which is much too high, the military expenditure should not even normally exceed 44 crores which means a saving of nearly eight crores. When to this is added the reduced cost of maintaining the British Garrison due to reduction in its strength, the total savings ought to be somewhere near 15 crores. If these economies were effected together with corresponding economies in the civil departments which account for not less than a net expenditure of twenty-five crores, the net result will be a figure which will very nearly, if not completely, cover the whole deficit. And if any deficit still remain to be made up, the improvement in the trade situation which Government themselves expect as a result of their present financial measures will fully cover it. There is no need, therefore, Sir, for fresh taxation and I humbly but firmly oppose any proposal for such taxation. The Government must first prove their earnestness. They must first cut their expenditure to the bone. They must take all measures to remove pampered flesh. And when they have done all that and done this in a manner to impress the people that they have so done then only can they come to them for further contributions. Then only will their conduct be justified. They have done nothing of the kind yet. On the contrary they have demonstrated that they do not realise the seriousness of the situation. They have shown complete ignorance of the condition of the people; they have

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betrayed an absolute lack of sympathy for them. They cannot, therefore, expect the latter to support them. They cannot induce them to lay down their lives for keeping them alive. There is nothing of patriotism in such a course. There is no high ideal involved in it. If the people are called upon to make sacrifices they must know that the cause is worthy, that it is worth their lives. They cannot make sacrifices for the blunders and bunglings of others and without any gain to themselves or to their country with only the sure prospect of an early doom. With these words, Sir, I oppose the motion of the Finance Member.

Mr. Phuput Sing (Bihar and Orissa: Landholders): Sir, I beg to oppose this Bill. I am supported in my opposition not only by the entire Indian public opinion but also that of some European Associations and Chambers of Commerce, who are not unoften against Indian interests.

At the outset I must say that I am doubtful whether under the present constitution such a Bill can be brought in embodying the provisions that it does. A Finance Bill, which intends to cover a period for which the customary annual Budget has not yet been presented, which anticipates a future year's budgetary proposals and extends beyond the limit of the present financial year presents a fit subject to my constitutional lawyer friends for their investigation as regards its legality or otherwise. Such a Finance Bill is something novel and without a precedent.

Sir, while I yield to none in my estimation of the true financial position in which the Government have been placed, I am not morally certain that they have exhausted all their resources or an adjustment of the situation. A desperate situation needs a desperate remedy but our Government have evidently ignored the wisdom that underlies this pregnant saying. I cannot lead myself to believe that they have done all that has been humanely possible to do under the circumstances. Their retrenchment proposals, in not going far enough and being halting and hesitating in their nature, have sadly disappointed our expectations. They have exposed themselves to charges of partiality, selfishness and cruelty in not adopting a graduated scale in the matter of reduction of salaries all round. Their proposal to include the surcharge in the proposed additional income-tax has been a matter of no less criticism. In their desire to protect the interests of the British elements everywhere they have evidently bade good bye to honesty and fair play.

Sir, if the Government of India have been landed in such a tight financial position, it is I dare to say entirely of their own creation, and for this they are entirely responsible. Year by year they have directly either themselves or indirectly through the agencies of British and other European companies, by fostering their monopolies, drained away enormous capital from the country. They have for years managed the currency and credit policy of the country at the behest of the India Office to the utter neglect of the country's interests. Their borrowing policy and conversion operations have been systematically carried on throughout these years for the sake of only British interests. Year after year the new taxation proposals have gone on diminishing the purchasing power of the people. Their capital projects, involving lakhs and crores, undertaken mainly with a view to foster British industries, have been wasteful of the country's resources and ultimately ruinous to the Government's

finance. Their top heavy civil administration has been run only with a view to provide *cushy* jobs to Britishers of mediocre or indifferent abilities on fat salaries. Their military administration, based on a policy of entire emasculation of the people, and causing acrimonious divisions among them, has been a sink of the country's finance. Their Royal Commissions, League Delegations, Round Table Conferences, introduced more to benefit their friends and proteges and to afford them a chance of touring widely at the people's expense than to serve the real interests of the country, have year after year swallowed up huge sums of the people. The result of all this is that, with abundance of real wealth in the country, millions of people have to go without proper food and the necessities of a civilised life. Year in and year out patriotic Indians and Indian publicists have denounced such imprudent and unwise financial policy of the Government both in the Press and on the platform, and the only reward that they have hitherto got for their timely warnings has been more and more attention from the C. I. D. The shibboleths of the security of the Indian finance paraded from time to time all these years by different Finance Members have all been torn to pieces by what has come to pass now.

Sir, the main plank of the taxation proposals in the Bill is a temporary surcharge of 25 per cent. on all existing taxes, including income-tax and excise duties, except customs export duties, and an increase of 50 per cent. in inland postage rates. The proposal for the levy of import duties on machinery and raw cotton militates against all maxims of sound finance and commercial policy. In such a time of acute industrial depression, the levy of a duty on machinery is bound to increase the difficulties of the industrialists and arrest further expansion of industries. Nor is there any valid reason for the levy of the import duty on raw cotton. The Indian cotton manufacturers, who have so long restricted themselves to the turning out of coarse products, are just attempting a diversification of their products by importing a superior quality of raw cotton from abroad. In their report on the cotton textile industry, the Tariff Board have stressed the need of diversification of Indian cotton manufacture, and the spinning of the finer counts of yarns with the imported cotton. This step, they thought, not only would make India independent of a considerable amount of foreign imports of the finer quality, but would also secure for the local industry an expanding market. The proposed duty on raw cotton is therefore bound to handicap greatly the Indian manufacturers and thus place the cotton industry of rival countries in an advantageous position. Similarly, the Indian Industrial Commission has recommended that the import of machinery from abroad should be unrestricted, and has instanced that such policy is universally observed by almost every civilised country. Therefore, when import duties will act prejudicially upon the expansion of industries, such measures are bound to produce an unfavourable reaction upon the sources of other revenues. The raising of the income-tax rates at such a period of trade depression and dark agricultural and industrial outlook is not only cruel but also unwise. It is true that by reducing the exemption limit to Rs. 2,000 there will be some addition to the revenue, but the extent of the sacrifice that the assessee will have to make will be in all conscience really much too much. We should not forget also that, unlike England, we have not here that elaborate system of giving relief by way of concessions and allowances to those upon whom the income-tax is levied. Therefore, as long as this depression continues, any attempt to increase the revenue

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by taxing smaller incomes of salaried and professional men, is sure to be met with a reduced yield from trade and industry. Then, Sir, import duties, in order to be productive of revenue, must not be pitched at too high a figure, for such a course will diminish consumption and frustrate the anticipation of an increased yield. Again, as the demand for India's imports is more or less elastic, it is quite unlikely that there will be any substantial improvement in the revenue by such high import duties. Finally, owing to the collapse of prices of agricultural commodities which this country exports so largely, the purchasing power of the people has been so much crippled, that unless there is a substantial improvement in that capacity, a diminution in the consumption of the imported goods is the inevitable consequence. The additional duty on salt means further misery to the poor, who are just on the brink of starvation and threatening extinction, owing to the abnormal fall in the prices of agricultural products with which the existence of 90 per cent. of them is bound up. Also the proposed increase of the already enhanced inland postage rates by 50 per cent. will not only be economically unsound but also morally unjust and extremely unpopular at the present moment.

Sir, I propose now to place before this House what our much-vaunted "fiscal autonomy" under the present reforms means for us and how the Government let us down in the matter of our finance when British interests directly or indirectly come into conflict in such a matter. When on Monday, the 21st of September last, Great Britain declared that she went off the gold standard with a view to discourage the flight of capital from that country, an Ordinance was immediately passed here suspending the obligation of the Government of India to sell Reverse Council Bills, and the Tuesday, Wednesday and Thursday, the 22nd, the 23rd and 24th September following were declared public holidays under the Negotiable Instruments Act, and the Imperial Bank rate forthwith went up to 8 per cent. In London the Secretary of State for India lost no time to undo the effect of the Government of India's Ordinance and forthwith made his appearance in the Federal Structure Sub-Committee of the Round Table Conference, which was in session then, and declared there that the rupee, notwithstanding what England had done, would still be maintained at 1s. 6d. sterling when the pound itself drifted off its moorings, and the Government of India, at the behest of that official, had forthwith to terminate that Ordinance, which was evidently aimed at stopping the flight of gold from India, and replace it by another neutralising the effect of the first. It may be questioned now whether the declaration of the holidays was proper constitutionally and justifiable legally. Great Britain, who was financially affected by going off the gold standard, did not herself declare any public holidays on that account and all business went on there under normal conditions in her banks. But the Government of India justified the holidays by saying that they were given solely with the object of allowing time for measures to be taken to enable business in foreign exchange to be reopened in an atmosphere of calm and confidence.

If that be the only argument in their support, there was no danger if they had allowed the Indian banks to conduct all ordinary banking business, other than in sterling and foreign exchanges, during those days,

The declaration of the holidays suddenly in the midst of the normal business period of the year, and without prior intimation, caused great unnecessary panic and runs on banks in general and a good deal of financial disturbance everywhere. The creation of such a panicky situation at such a time of gloomy financial outlook in the country betrayed an absolute want of foresight and judgment on the part of the financial advisers of the Government, and the policy cannot but be condemned as one of extreme nervousness and as betraying a lack of sincerity of purpose and courage of conviction. Sir, from the days of Adam Smith, none has challenged the proposition that the efflux of gold and a fall in exchange are the unerring tests of an inflated and consequently a depreciated currency. It is therefore difficult to understand how the Honourable the Finance Member, who recently advocated the adjustment of prices, has failed to advocate the adjustment of the currency as the only logical method for stabilising prices. For fear of prolixity I refrain at this place from dwelling upon the proposals which Sir John Caird, Director of the Bank of Commerce, Canada, and Mr. Macaulay, President, Sun Life Assurance Co., of Canada, advocated in that country for the adjustment of prices as the only means for shortening the duration of trade depression and unemployment; nor do I propose to enter into the details of the measures that were adopted by the U. S. Federal Reserve authorities between 1922 and 1931 in stabilising prices, for I feel sure that all those proposals and measures must be by now in the knowledge and possession of the financial advisers of the Government, being themselves now placed in a similar plight. I say therefore that any measure, which ignores the currency and standard questions in dealing with trade depression, is liable to ignore both the lessons of history and the self-evident truths of economics, and intentionally omits to try a possible remedy.

Sir, what I want to point out, in conclusion, is that if the Government mean business—if they are really anxious to tide over their present financial difficulties—let them not try the remedy by fresh additional taxation. The time is neither opportune for them, nor are the people at all willing to bear them. Drastic economies everywhere is all that is required. The cutting down by 40 per cent. of the existing heavy expenditure on civil and military administrations, the regulation of currency, and the restriction of the reckless borrowing policy and the carrying on of the conversion operations in favour of the country's interests can only ameliorate the situation considerably forthwith. Only let the Government move about their task with sincerity of purpose and courage of conviction, and with only the well-being of the country as their sole consideration. Sir, with these words, I oppose the Bill.

Major Nawab Ahmad Nawaz Khan (Nominated Non-Official): Sir, I rise to support the Bill in its present form for two main reasons. First of all, I do not think that the whole House can produce another Bill in such a form which will be acceptable to each and every Member. The second reason is this: so far as I have seen personally, I have seen that the Bill in its present form is very well balanced with great impartiality and justice and there seems to be no reason why we should reject it for very trifling reasons against it. It is easy to criticise anything on questions of detail, but we as an Assembly are here to help in the administration of our country and to find out better and better ways of how to govern the country: and in such a difficult financial

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crisis we have not only to criticise by destructive proposals but we should have some constructive ones. It would have been much better if the Members had produced after consultation together any form of Bill which would have proved better than this: then there would have been some reason to oppose the items contained in this Bill. But merely for the sake of some interests, personal or communal, if the Bill is to be criticised, I do not think it is worth while to oppose it on that basis.

I wish to say one word about the Army, as one of my friends has said that there should be further cuts in the Army. Many of us perhaps have not been in the fighting line or living in such districts which are always in great danger. As air is necessary for life, though air is cheap and nobody cares for it, so for the safety of India an army is as necessary as oxygen is for life. And that not only for external purposes, but for internal too, though some people think that there is no external danger at present. I say that there is no specific time for death or for wars. But leaving the question of external dangers, even for the internal peace, maintenance of law and order an army is very necessary. It was only the other day at Dera Ismail Khan that we had on a very small scale a communal riot. My Hindu friends asked me and I asked the Deputy Commissioner for the maintenance of law and order the Army should be present there. We had a good force of constabulary, but as the men in the constabulary were all Muslims and the demand of the Hindus was that they had no faith in the Muslim soldiers; so I requested the Deputy Commissioner and we had Gurkhas there. After that there was a danger that there might be something happening between these two classes, and after all we had the machine guns controlled by British soldiers and then there was real satisfaction in the city. You would have seen these things happening many times in Peshawar and other places also. So I say further cuts in the Army would be detrimental to the peace and safety of India and more so to Indians than to the British Government. The strength of the Army in India is really the pivot of the whole safety of the Indian Empire.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, originally I did not wish to detain the House at this time, and I thought I would listen more to the speeches on the other side in support of the Honourable the Finance Member before I said anything on this side of the House. But finding that there are very few
 4 P.M. speakers on this side of the House and that we have still got half an hour—somehow or other we have got to keep the House going till half past four (Laughter),—and therefore I am on my legs to address you for what it is worth for a few minutes.

First of all, the question that arises is this: I do not think we have applied ourselves quite correctly to the proposition as to who is responsible for the present financial crisis. We have had over 150 years of British administration, and every year during the last ten years the figures of the Honourable the Finance Member, the expert, have belied him, and instead of getting a surplus, he has always found a deficit. And this history is not new; it has been repeated year after year, and still we find that when the Finance Member made his speech last March he did not expect anything like the present deficit which has come over the country. However that is a matter of the past; but would we be any wiser by

agreeing to additional taxation year after year unless we find out the real remedy? It is quite true, as the speaker who preceded me has just said, that there is no use criticising unless we are able to find means to balance the Budget. That is true, but I expected something more from my Honourable friend who last spoke: does he mean to suggest that he agrees with all the proposals which have been made by the Honourable the Finance Member?

Major Nawab Ahmad Nawaz Khan: Yes.

Mr. A. Das: Coming now to the question whether it is possible to have retrenchment in other directions or not, the first question of vital importance is this: whether there should be a uniform cut of 10 per cent. in all salaries or whether there should be a graded cut.

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

The Finance Member has tried to make out that he had considered the problem very carefully and he could not think that anything would be more fair than to have a 10 per cent. cut all round. I am afraid that most of us on this side of the House do not agree with that view. The fallacy which underlies that argument, to my humble mind, is this: on the one hand the Finance Member thinks that 10 per cent. is the maximum cut that can be levied on highly salaried officers and there can be no further reduction in their salary beyond this 10 per cent. cut. On the other hand he also said that, in order to meet the present deficit, if you have a cut of lower than 10 per cent., he will not get the same amount which he would get if he had ten per cent. cut. I submit that that is a proposition which is very much open to doubt. For instance, compare the pay of those officers who are getting over Rs. 2,000 a month and those who are getting just about Rs. 100 a month. In the latter case, with a 10 per cent. cut you reduce it by Rs. 10, whereas in the former case you reduce it by Rs. 200. But with those officers who are getting over Rs. 2,000 a month, in my humble judgment, even if you cut them down by 20 per cent. you are really cutting down a portion of their savings, or a portion of their extra expenses, without really touching those items of expenditure which are absolutely necessary for living. On the other hand if you make a cut of 10 per cent. on the lower paid officers, who have practically no savings and who live unfortunately in a country like this from hand to mouth, you do not merely cut their savings: the poorer a man is the larger the family he has to support—a wife and one or two daughters—and with them he can hardly make any saving. So if you cut down 10 per cent. in the case of lower paid officers, or those who are getting less than Rs. 200 or Rs. 250 a month, my humble submission is that it means actually cutting down their very essential expenditure, while a similar cut in the case of officers drawing Rs. 2,000 and over would only mean, as I have said before, a cut in their savings, or perhaps it would mean depriving them of a few more pegs of whisky or a little less expenditure in their card games and other luxuries, which could easily be avoided. So I do not think the Honourable the Finance Member is quite right in saying that a 10 per cent. cut is fair both to the higher as well as to the lower officials. First of all, it was always a question of doubtful economy whether a country like India could afford to pay such huge salaries to officials amounting to Rs. 2,000, 3,000, 5,000 and even more. However, that is not our present concern, but when you have such highly paid officials, I do not understand why, if there is a case of

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Real financial stringency or financial crisis in the country, there should not be a cut in the pay of officers drawing Rs. 2,000 and over of at least 25 per cent. if not more. Therefore, proposition that there should be a uniform cut of 10 per cent. in the case of all officers from top to the bottom is one with which most of us on this side of the House cannot agree for a moment, and the reasoning advanced in support of that proposition is faulty, because 10 per cent. is not the maximum which they can give. Certainly it is not even the minimum, because when a man drawing Rs. 200 or less a month can give 10 per cent. off his income, why are you not justified in cutting down the salaries of people drawing Rs. 1,000 and over by 25 per cent.?

Then the Honourable the Finance Member said that no further retrenchment in the Army would be possible without cutting down the actual numbers. I find here in the memorandum which has been circulated to Honourable Members in regard to the Army cut, the Commander-in-Chief says he has agreed to this cut, but with very grave warnings. The Finance Member says:

"His Excellency the Commander-in-Chief has, however, warned the Government of India that the sacrifices he is now making must inevitably involve a lower standard of efficiency in peace and a considerably reduced state of preparedness of war and that the risk involved can only be justified by the magnitude of the financial stringency".

Very fine words indeed, Sir. Now, on the one hand you accept this cut in the Army with a great deal of cry, with a great deal of warnings and threats, because if anything goes wrong, the blame will be on the Government of India. That is a position of which nobody would be envious, I mean the position which the Government of India is taking. What I say is this, that without going into these comic threats, the Commander-in-Chief can easily accept these cuts. I know quite well that neither the Commander-in-Chief, nor the Finance Member, nor the Government of India would ever be in such a position as to accept a cut in the Army expenditure, if such a cut were to entail the least amount of danger to their safety. They must first make their position safe, and after securing that safety they would be prepared to make any cut, but in order to reduce the expenditure in the Army, they had to say something, and therefore this sort of sword of Damocles had to be held up by saying, "I accept the cut with this reservation". But the point is this. It has not been urged on the Government Benches why we should not go back to the pre-war strength in the Army. How has the Frontier of the country, I ask, been in danger since the war to justify the present expenditure. The pre-war expenditure was about 20 crores I think, and if serious thought is given to that aspect of the question, I submit it might be possible to make a good deal of reduction not only in the Army expenditure but also in the strength of the Army itself.

Apart from the Army, it is also possible in the various branches of the civil administration to go back to pre-war times, and that would also give us a considerable amount of saving. Then apart from these two things, the Army and the civil administration, there is another avenue which my friend, Mr. B. Das, suggested. He asked why not tax tea, hide and kerosene? I must be perfectly frank, Sir, because these three industries are mostly in the hands of Europeans in this country, and by not trying to put on an additional tax on these three important industries, the

Finance Member is exposing himself to the criticism that, while most of the industries which are in Indian hands are heavily taxed, those which are in the hands of foreigners have not been taxed in the same proportion in a time of crisis like the present and therefore I think the proposal that a duty should be imposed on tea, kerosene and hides is one which is worthy of consideration by the Finance Member.

Then, Sir, coming to postal rates, I think I am right in saying that when the present value of the postcards was raised from one to two pice and that of letters from half anna to one anna, there was a deficit in the amount realised from the post office, and even now if you increase the price of the postcard and envelope in the way you propose, I doubt very much whether the income you will derive will be commensurate with your expectations. I have heard people say, and perhaps there is a great deal of justification for it, that by increasing the postal rates, at first because the people are not used to new rates they reduce the amount of their correspondence, but after a year or two when they get used to the increased rate, they get back to the normal condition, and this is only a temporary measure lasting only for a year or 18 months. So I doubt very much whether Government will gain very much by increasing the postal rates in the manner they propose to do.

Then, Sir, before resuming my seat, I want to bring to the notice of the Finance Member the real hardship which would be caused to a number of low paid officials drawing less than Rs. 50 or Rs. 40 by this cut. On the one hand, by discharging 100 of them, you can hardly save even one thousand rupees a month, but if you make a cut of say Rs. 1,000 in the salaries of highly paid officials drawing more than Rs. 3,000 or so, you can make an equally good amount of saving, but which would be the fairer of the two—to make a saving by discharging 100 men drawing Rs. 50 and less and throwing so many families virtually on the streets, or to make a big cut in the salaries of officials drawing Rs. 3,000 and more? Certainly, officials drawing Rs. 3,000 and over can afford to make sufficient sacrifices in a time of financial stringency like the present. Therefore, I submit that, as far as the 10 per cent. cut is concerned, I do not think this House can agree to the principle of the 10 per cent. cut from the highest to the lowest, but there should be a graded cut, that is to say, a higher cut in the case of higher paid officials and a smaller cut in the case of low paid officials, and no cut in the case of officers drawing Rs. 100 and less a month.

Bhai Parma Nand (Ambala Division: Non-Muhammadian): Sir, it is only a few months since this House passed the Finance Bill. That Bill was passed—at any rate most part of it was agreed to by this House—I really do not understand what has happened during these four months that has forced the Honourable the Finance Member to bring in a supplementary Finance Bill before this House. Evidently, the reason is that he is afraid of a great deficit. He thinks that the estimates which he had made of the revenues of the Government would not be fulfilled and the whole amount would not be realised, therefore he has brought in a supplementary Finance Bill before us. If the expectations of the Honourable the Finance Member have not been realised in the case of the first Finance Bill, I do not understand how he can be sure that this supplementary Bill will make up all the deficiency that he wants to make up. I think we should go to the root cause of this difficulty of realisation of Government revenue; we must diagnose the real trouble and find out the right remedy for it.

[Bhai Parma Nand.]

As far as I can see, there are two classes of people, one is that which produces the commodities, and the other class is that which has got fixed income in rupee salaries. These two classes have been entirely adversely affected by the economic depression and the general fall in the prices of commodities. While the producers of commodities in the country have lost very much by the fall in prices, the people who have got fixed incomes in the shape of salaries, have gained immensely by it. If we propose any new taxation, we shall have to see where the incidence of this taxation falls. If the incidence of that taxation falls on the class which produces the commodities, then surely we must understand that those taxes also won't be realised, and fresh taxation won't be a solution for the financial difficulty of the country. This is the view I take of the political situation in the country. We know there are people in different provinces who are trying to start a campaign of the non-payment of taxes. They are listened to, not because people are against the Government and want liberty or freedom, but because the peasants and the landowners are not in a position to pay any kind of tax to the Government. Their inability to pay this revenue lies at the root of this non-payment campaign. I submit that we shall have to keep in mind these two different classes whenever we propose any new taxation and try to find out on whom the taxation will fall. My Honourable friend, Mian Muhammad Shah Nawaz, spoke about the poverty of the agricultural classes. It is as clear as daylight that the income of the agriculturists, who are the real producers of wealth in India, has fallen very low. It is not because the produce of the land has in any way decreased, but it is because of the general fall in prices. The prices of commodities have fallen and therefore the people are unable to buy the other necessities of life and to pay their dues. If the new taxation falls upon them in some form or another and they are unable to purchase certain things—salt, medicine or other necessities of life—surely then the income from the salt tax or increased postage rates won't come up to the desired amount and will not in any way add much to the revenues of the Government.

What is the real remedy then? We know the price of the rupee has increased manifold on account of the fall in the prices of commodities. The natural result is that those people who produce the wealth of the country have got no income, they cannot pay tax and the Government revenue, while those who have got fixed salaries, whether in the military or in any other service—the value of the rupee having enhanced—are very much better off. Therefore that part of the Honourable the Finance Member's argument that he could not tax the higher paid officers or other salaried people any further is very weak. I would submit, Sir, that it is only that class the value of whose salaries has increased that should be made to make up all this deficiency. If you don't tax the salaried class, then naturally the taxes would fall on the producers of wealth, and they being unable to pay, the difficulty would remain the same and the problem of the financial trouble of the Government would never come to an end. When I say salaried income, I include in it not only the military but also the Home charges. There is a very large amount of Home charges that have to be paid in rupee and that is exactly why the Secretary of State wants to link the rupee to sterling. As long as India has to pay a large amount of Home charges, as long as India has to pay such a vast amount in military salaries, the prices of commodities which form the wealth of the country having fallen very low, how can the problem

be solved and how is the gulf to be bridged? That is the main question before us. This is not a temporary question that can be solved by one supplementary Bill. Perhaps, again, next year the same question will come up, and again the year after and so on; if this economic depression, this large abundance of produce goes on in the way in which it is going on, this financial difficulty would always remain with the Government. The final solution would lie in this, that the Government should value at its appropriate price the Home charges as well as the military and civil expenditure, including the salaries of its civil and military servants. I ask, when we talk of increase of postage rates or increase in salt duty, what do we gain? I do not think a few lakhs of rupees would in any way solve our financial trouble. We should go to the root cause of the trouble and try to remove the disease from its root which lies in our system of exchange on the consequent fall in prices of commodities. We should regulate all our expenditure on the salaried people and the Home charges according to the prices of commodities. Let the rupee go to its normal level, its own price, its own value, and then all these commodities will be sold at their proper prices. Then of course it will be that the commodities will rise in prices and the producers will get proper value and be in a position to part their dues to the Government. Unless we remedy the disease from the root, I do not believe this kind of supplementary demands with an increase in postal rates or in the price of salt will help us very much.

Again, Sir, I object to the duty on machinery seriously. Machinery is the only thing that we want for the industrial development of the country. If machinery is to be taxed, it follows that the people will not have more machinery in the country. There will be more unemployment and the labourers will not be able to get enough work. This duty on machinery like the salt tax, or such other taxes, will not bring in more revenue. It will only add to the deficit of the Government and this won't help to solve the problem in any way. Therefore I would submit to the Honourable the Finance Member that instead of applying ointments over the surface of the boil, he should cut it open and see where the real poison lies, remove the poison and remedy the financial difficulty of the Government for ever. These temporary applications and this temporary treatment of the symptom won't be of any avail. With these few words, Sir, I resume my seat.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, at this fog end of the day I do not think we can do full justice to the Finance Bill. After the address of the Honourable the Finance Member in which he promised to give certain memos that he had prepared and certain materials that he had collected in support of his case, I thought that it would have been fair to this part of the House that this debate on this side of the House should have commenced tomorrow. Last time when this Bill was introduced, certain papers were supplied to us, and those papers were the address of the Finance Member, the Finance Bill and the Explanatory Memorandum. That was all that was supplied to us. Now certain details have been given and it is very necessary that those details should be gone into before the Finance Bill is constructively opposed. Therefore, in order to do justice to this matter, it is necessary that this debate should be continued tomorrow. As it is in your hands, Sir, to postpone the debate to tomorrow and as it is half past four now, I would request you to see in the circumstances that if we put it now, we

[Mr. Lalchand Navarai.]

only put it generally. We put this thus, retrenchment is small. We say you are not making proper cuts in the salaries. We say that taxation is not necessary. We go further and say that you are keeping a surplus of Rs. 7 crores for the years 1931 and 1932-33. These are all only general things. But in order to show on facts and figures that the Finance Bill is not justified, it requires that all the details should be studied. However, as it has fallen to my lot to speak at this hour, I will say a few words in opposing the Finance Bill.

The first point that I take is this. It appears to me that there is no precedent in the constitutional history of India for presenting a Finance Bill for 18 months. At least since the life of this Assembly there has been no Bill for 18 months. I see that constitutionally the Finance Bill should be placed along with the Budget at the Budget time. First of all you place the Budget before the House to show to the House what demands you are making, and then you place the Finance Bill to justify the revenue. You are now putting the cart before the horse. The Budget was placed before the House during the last Delhi Session. Demands were placed before us; they were considered; there were cuts in the Demands and there was discussion over the Demands. First the Demands were disposed of, and then the Finance Bill came up for discussion in view of the Demands that were passed. Not that the Finance Bill was passed first and then the Demands were considered. What do we find now? I see from the speech of the Finance Member to-day that he has not even given us the estimates that are the basis of the Finance Bill. He has not estimated on estimates which we can examine. He is asking that this Bill be passed on a forecast. Is this ever done? I would submit that these forecasts would be nothing but speculative, and I think it is a gambling business. The very first point that I raise is, therefore, fatal to this Bill being passed. Only six months previously a Bill was passed. In that Bill it was provided for so much revenue being recovered and so much expenditure being met. After a few months we are told that there is going to be a deficit. Who can say what will happen after six months? There may be a miraculous change within a few hours, or within even a few days. We do not know what the conditions will be after six months. Then after six months it will be said that there will be another deficit and you must provide against it by taxation. Government know that part of the country is now entering on a no-tax payment campaign. What is it? You see that there is agricultural depression. They have become bankrupt. What are you doing now? You are asking the commercial people and the industrial people to oppose you with a no-tax payment campaign. You are charging them 25 per cent. more income-tax. How are they going to pay that tax? If you are in real fear, wait for six months, and then bring in this Bill. Nothing is going to happen. Government are not going to come to a standstill, if these taxes are not raised now. Government know ways how to borrow money, how to pay large sums of interest in England. Why not wait for six months and see for yourself the condition on facts and figures? Why speculate? You say you are going to provide for next year also. I cannot understand the philosophy of that.

It is all a fallacy. You do not know what is going to happen. Do you know the Members who are here now in this House as at present constituted will be here in the year 1932-33? You are asking us to pass the Budget for the Honourable Members who will compose this House then. Some other Members may be coming into this House. They may tell you at the time of the next Budget, "Wait, we will find out a better course for your deficit".

Mr. B. Das: No, no. We will be with you.

Mr. Lalchand Navarai: I know you will be here, but there is no knowing how many present Members will be here. In your presence many Members went away. One of them we were very sorry for at the last Simla Session. Is it within your province I ask at this time, to pass a budget, is it within your province to pass a Finance Bill for the next year? You are doing a thing now which does not lie in your power and you are asking us to join hands with you. I think on a matter like this every one of us should oppose the Finance Bill and tell the Finance Member, "Do not be impatient, but wait till six months and then see how your difficulties can be overcome". I may be pardoned I am constrained to use the word "tease", but I must say, do not tease the people; do not tease them by asking them to pay more income-tax and an increase in other taxes like the salt tax and postage . . .

Mr. E. Studd (Bengal European): May I ask the Honourable Member as he wants to postpone taxation for six months, whether he wants the proposals for retrenchment postponed for six months also?

Mr. Lalchand Navarai: I am saying that even proposals for retrenchment can wait. The whole thing goes together; retrenchment and the proposals for taxation come before us to meet the deficit. If you are going to make retrenchment, you admit the deficit, but how can you say what the deficit is by mere guess? I have not yet read the fresh papers that have been placed in our hands to-day, therefore we are not in a position now to say that they supply any fresh facts to show that this Bill is justified. I have, however, read the papers that were supplied to us last time, and I am positive that on the very first point it is not constitutionally correct to pass the Bill; it is not correct in practice, and it is not correct in the way in which budgets come before this House. So far as the legal question of bringing a Finance Bill before the House, 18 months ahead is concerned, it is a phase which I think on the Indian law and Indian practice can be decided in the negative. As to the English law or English practice, I must confess that I have not been able to go through that law and practice but I consulted one of the greatest lawyers in India and he could tell me only that, it is true that any Bill can come into the House. That of course I also concede that any Bill can come into the House for consideration, but even those who are of the opinion that any Bill of any nature can come up into the House find it very difficult to say that a Bill can come up to provide for 18 months ahead.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Six months ahead.

Mr. Lalchand Navarai: The Bill provides for these six months and it also provides for 12 months more. If you read what you have got,—you will understand that it is for 18 months. The Finance Member has placed before you figures showing approximately, not exactly, a deficit of

[Mr. Lalchand Navalrai:]

19 crores at the end of these six months. In the year 1929-30 there was a surplus of 27 lakhs. Then in the year 1930-31—according to the revised figures—the deficit was 12 crores and 68 lakhs; whereas it is now said that, by retrenchment and taxation, the deficit will come at the end of this Budget year to 7 crores and 70 lakhs. Then it is being anticipated that there will be a surplus in the year 1932-33, after another 19 crores are made out by retrenchment and taxation, of 7 crores and 70 lakhs. That is the position.

Mr. S. C. Mitra: It is six months ahead.

Mr. Lalchand Navalrai: I am saying that it is anticipating 18 months ahead. Well I follow the Honourable Member now. He means that for six months it is only speculation or forecast and the Honourable the Finance Member if he waits for six months may be able to base it on estimates. Yes we rely always on estimates. Perhaps there may be justification for Honourable Members like Mr. Mitra to support the Bill, but at present there is no justification at all. I also do not understand the necessity for the Honourable the Finance Member to provide for a surplus by these methods of retrenchment and taxation. Why should he be in anxiety at present for getting a surplus? From his address the only inference is that by a surplus he will show to the world that India is solvent. Does not the world know how we live? Does not the world know where we stand? Does not the world know that we have been reduced to poverty? The poverty of India is an old cry, but the present day depression has made it hard for India. Do not, Sir, I appeal to the members of the Government, do not put us on harder days. You will see that the people are not able to pay the taxes and they are not able to live even from hand to mouth. To tax them is very hard. Then, you will say that you are not taxing the poor. I think the reply to that is self-evident. You say that the poor are not being taxed. Now take the question of income-tax, the small income-tax that you are going to put on people who draw Rs. 83 a month. They will have to pay income-tax now. You know what the history of this tax is. You had income-tax at some time on incomes of Rs. 1,000, and you also know how much public opinion was against it. You were driven to stop it. Now again to impose that income-tax is like adding insult to injury. When the poor people are not able to live, you ask them to pay you income-tax. Of course you will cut it from the salaries of Government servants who are bound in your hands, but I do not think other people are going to pay you. So much for the tax on incomes of Rs. 1,000. You must see what is the public opinion on it. It is keenly against it and how much revenue are you going to get from that tax? You are not going to get crores of rupees from it. You will get about 37 lakhs. That is not going to meet the deficit of 19 crores. Then come to the second item, the postal stamps. I did not exactly follow what the Honourable the Finance Member said about a mistake. He said he was going to cut three pies from the increased price of the envelopes. He did not say anything about reducing the price of the postal cards. This is a small mercy that you are going to make. Now, is it the poor man that is going to use the envelopes? I say that you are not fair to the poor man. You always say that you want to help the minorities, the depressed classes and the poor men. Is it the way to help them? So far as the postal cards are concerned, I think it will be

cruel to make the increase. I learnt from a responsible Government officer, who was investigating into the Budget, that he could so manipulate figures as to show a surplus as a deficit or a deficit as a surplus. These are the ways of Budget. I appeal to the Finance Member and say let there be some manipulation by which the poor man should not be taxed.

Then, Sir, there is the income-tax of 25 per cent. increase going to be levied on the so-called rich men. I again say that you are taking people at a time when they cannot bear it.

Then you have the additional tax on machinery. Rich men are already suffering on account of the depression in industry. You cannot say that they are in as good a position as they were before. By your taxes you will depress them still further. Is it fair? You always say that you are anxious to help industry. Is this the help that you are giving them or are you cutting the ground from underneath their feet? So far as commerce is concerned, there also you want to add 25 per cent. more to income-tax. You should realise that the merchants are not in the same solvent condition as they were before. In my part of the country I know of Sindh work merchants who were living like princes. Some of them are bankrupt now. Some of them are tottering and you are asking them to pay more tax. If Government adopt their present policy, they will also go to the insolvency courts to recover their dues. I ask you therefore to reflect and ponder over the thing. Do not be led away by the apprehensions that you feel, and think that Government will go bankrupt if you do not impose these taxes. Therefore I submit that you should not think of a surplus now. In that case you will only need 9 or 10 crores, and by adopting the recommendations of the Retrenchment Committees and yourself pursuing a policy of proper retrenchment, you can meet the deficit without extra taxation. Why bother people with any taxation? I shall put my constructive proposals before the House, if not tomorrow, at some time during the course of the Finance Bill. Therefore I appeal to the Honourable the Finance Member not to be in a hurry. As regards the reports of the Retrenchment Committees, they are said to have been sent to us but I have received only two, the report of the Army Committee and the other of the Railway Committee. They were received, at least, by me only about 8 or 10 days back, and as a professional man I must confess I had no time to go through them except in the railway train. Even then I could only look at them here and there. I asked one of the railway experts to help me with some notes but I have not been able to read them. I ask the Finance Member, competent and experienced as he is, to find out for himself the best methods to save us from the taxation asked for. On my part I do not see any justification for it and I oppose the Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 5th November, 1931.