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Legislative Assembly.

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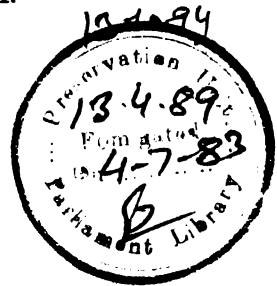
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LEGISLATIVE ASSEMBLY.

Wednesday, 18th March, 1936.

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

REPORT OF THE INDIAN DELIMITATION COMMITTEE.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I beg to move:

"That the time fixed for the presentation of the Report of the Select Committee to consider the Indian Delimitation Committee's Report be extended up to the 18th March, 1936."

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks the time originally fixed was the 17th?

Mr. Akhil Chandra Datta: Before the 18th.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the time fixed for the presentation of the Report of the Select Committee to consider the Indian Delimitation Committee's Report be extended up to the 18th March, 1936."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The Chair wants to inform Honourable Members here, specially the Mover of the original motion appointing the Committee—it was Pandit Govind Ballabh Pant—that it received a letter from Mr. Jinnah, dated today, that his name was mentioned as a member of the Select Committee without his knowledge and that he does not wish to serve on the Committee; and the Chair may inform Honourable Members that the practice has always been to obtain, first of all, the consent of any Member who may be nominated on a committee.

Pandit Govind Ballabh Pant (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): I am aware of the practice, Sir. I merely wanted to put in the names of all the leaders of parties, and, as Mr. Jinnah was not here, then I thought it would look a flagrant omission if I did not put his name on the list.

Mr. President (The Honourable Sir Abdur Rahim): However, that is the ordinary practice.

Mr. Akhil Chandra Datta: Sir, I beg to present the Report* of the Select Committee appointed to consider the Delimitation Committee's Report.

*Vide Appendix at the end of the day's proceedings.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume discussion of the motion for consideration of the Indian Finance Bill.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I must apologise in the first place for the precipitancy with which I rose to catch your eye. I must say that I thought that you were asking the House to discuss or resume discussion of the Finance Bill, and, being the modest person that I am (Laughter), I thought I should not miss your eye on this occasion. For most of us who sit in this section of the House, the discussion of the Finance Bill is in the nature of a Barmecide's feast: we are mere observers: we hardly participate. If I transgress the traditional practice on this occasion, it is for two reasons. In the first place I think an apology is due to my Honourable friend, Dr. Rajan, that when he discussed certain important matters pertaining to the department which I have the honour to represent in this House I was not in my seat. I shall plead this in extenuation of my absence, that the overture of my Honourable friend's speech sounded more like another episode in the struggle between orthodox and unorthodox finance than a reference to the subjects with which I am concerned. My second reason for intervention is that, in view of the very reasoned, and if I may say so, helpful speech that my Honourable friend, Dr. Rajan, made, it is only appropriate that I should give him such explanation as I can of the attitude of the Government of India in regard to the three main points that he raised. That will be the limit of my intervention, and I shall not transgress on the time of the House longer than is necessary in order to explain these matters.

My Honourable friend dealt with three points: first, malaria, second, nutrition and third dairying. Now, I take up these points in that order: malaria first. My Honourable friend drew a very alarming picture of the ravages of malaria, whether in the toll that it takes of human life or the suffering that it entails, or the economic loss that it inflicts upon this country. I have no desire to contest most of what he said, although it is possible to argue that the picture here or there was overdrawn. The fact remains that malaria is the most persistent, the most widespread scourge in this country, the scourge which needs the utmost attention on the part of the Government. But when he proceeded to say that in the utilisation of the one remedy, whether as a prophylactic or as a curative, that we have against malaria, namely, quinine, the Government of India had abandoned their humanitarian policy for a commercial policy, I beg to differ from him. The facts briefly stated are these.

When Mr. Montagu was in office as Secretary of State for India, he decided that the Government of India should equip themselves in every possible way to make India self-sufficient in her requirements of quinine. It was at the height of the war boom that he came to this decision; nevertheless, he entered into an agreement with a Dutch combine in Java for the purchase of quinine and cinchona bark. That transaction continued from 1919, until, I think—I am speaking from memory—1928. That cost us lakhs and lakhs of rupees. But that was not enough for him. He said: we do not wish to be dependent upon an external source of supply for our requirements of quinine; we must explore the

possibilities of producing cinchona, the raw material of quinine, ourselves. For that purpose Colonel Gage was placed on special duty; he toured all over India, and he finally selected, as my Honourable friend is aware, a certain site in Maymyo for the purpose of growing cinchona. Not only that. The Government of India, in pursuance of that policy, entered into negotiations with the Government of Madras to re-equip and enlarge their factory at Nadavottam and also with the Government of Bengal. In other words, the sails were set fair for a policy of self-sufficiency in regard to the supply of quinine for consumption in India. What happened? We had the Government of India Act of 1919. Public Health was made a transferred provincial subject. No doubt there is a provision made in the Devolution Rules for the Government of India to control the production and the distribution of quinine; but no power lies in the Governor General in Council to regulate the consumption of quinine; and in the event, what happened was this. The provinces said they could not take as much as we were prepared to offer them, they would take just as much quinine as they considered they could utilise or afford with the resources at their disposal. That, Sir, is the position with which we started in 1921, with which we have been faced ever since and which has ultimately led to the abandonment of the policy of centralisation of the production of quinine by the Government of India. In 1932, Sir, when we were faced with a situation in which stocks were accumulating and the Local Governments were not taking enough from us, we asked the Local Governments whether they would purchase quinine from us over and above their ordinary requirements at the rate of Rs. 12 per pound which, in effect, was roughly Rs. 6 a pound below our cost of production including overhead charges. The replies that we received were extraordinarily disappointing. So, ultimately, under pressure from the Public Accounts Committee we came to the conclusion that we had no alternative but either to dispose of this quinine to whoever would buy it at a reasonable price or to give it away. Before giving it away, we thought we would try our luck with regard to the disposal of this quinine at an economic price, not at a profit as my Honourable friend seemed to suggest, because, as I explained to him the other day, our cost of production, including overhead charges, is scarcely less than Rs. 18 a pound, which is the price we charge to Local Governments. That being the position, we did try to sell this at that figure and we thought we would sell it to the trade. What was the position? My Honourable friend said yesterday that we had sold as much as 150,000 pounds of quinine at a profit last year. May I inform my friend that including sales to Local Governments, what we have sold, not in the last one year, but in the past five years, is about 90,000 pounds of quinine, and that so far as the sales to the trade are concerned, all that we have managed is to sell six or seven thousand pounds of quinine. So, Sir, there has been no question either of sales at a profit to Local Governments or of any considerable sales to the trade . . .

Dr. T. S. S. Rajan (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): May I rise to make a personal explanation, Sir? I never said that you were selling quinine to Local Governments at a profit, I said that you sold quinine to Ceylon during the epidemic of last year, and my contention was not about the sale of quinine to Local Governments but through post offices.

Sir Girja Shankar Bajpai: Sir, I am coming to the point which my Honourable friend has mentioned. My friend says that his contention was that we have sold 10,000 pounds, that is the amount, to Ceylon. That, again, we did not sell at a profit. We sold it at the same rate at which we sell it to Local Governments, *viz.*, Rs. 18 a pound. I do not think my Honourable friend will blame me for having indulged in profiteering there. But the important point to remember is that we have not sold anything like 150,000 pounds either to Ceylon or to anybody else. The sales of quinine to Ceylon have been something like 10,000 pounds, to the trade something between five to seven thousand pounds, and the rest of the sales, Sir, as I explained just now, have been to Local Governments within the Government of India's area of distribution. That, Sir, is the position.

My Honourable friend then said, in his intervention just now, that his complaint was that profiteering was being indulged in by sales through post offices. Let me inform him in the first instance that the Government of India do not sell quinine through post offices at all except it be in the directly administered areas of Delhi and Ajmer-Merwara which after all is only a very small fraction of the total sales of Government quinine in this country. The sales through the post offices are made by Local Governments out of the quinine which they purchase from the Government of India. Now, it is perfectly true that there is a big gap between Rs. 27 or Rs. 28 which, I believe, is the price in Madras, but the figure varies,—there is a big gap between the price which is charged for sales through post offices and the price at which the Government of India supply it to the territories directly in their sphere of distribution. The explanation of that practice of Local Governments probably is first that they have to meet the cost of distribution, which is something in the neighbourhood of Rs. 2 or Rs. 3 per pound, and the rest of the profit that they make is actually utilised by them in order to increase the free distribution of quinine which takes place in the provinces over and above the sales that take place at a comparatively cheap rate to the ordinary consumer. That, Sir, is probably the explanation of this very large difference between the selling price through the post offices and the price at which they buy from us. In any case, what I am concerned to point out to the House on this occasion is that it is not the Government of India who indulge in any profiteering either in the sales to Local Governments or in their sales through post offices. The point which my friend has made I shall bring to the notice of the Local Governments again, but what I wish to impress further upon my friend is this. The Government of India are not responsible for the distribution of quinine throughout India. As it happens, and he must be aware of that, there are two partners in this scheme or plan of distribution, Bengal who are producers and Madras, who are also producers. Our own sphere of activity is limited to Ajmer-Merwara, Delhi, the United Provinces, the Punjab, North-West Frontier Province and the Indian States within the Rajputana and Central India Agencies . . .

Dr. T. S. S. Rajan: May I know, Sir, how the post offices in these areas sell quinine, can the Honourable Member inform me about that?

Sir Girja Shankar Bajpai: I have already informed my friend that in the provinces prices vary between Rs. 23 a pound and Rs. 29 a pound, but the point I wish to impress again upon my friend is this:—we do

not get anything out of the sales that are made through the post offices. The Local Governments make the sales through the post offices, the proceeds are credited to them, and the explanation that I have offered of the difference is that to the extent that it is not accounted for by the cost of distribution, the profits are utilised to increase the amount which is distributed free by them

Dr. T. S. S. Rajan: I am talking of the Centrally administered areas where the distribution is made through the post offices.

Sir Girja Shankar Bajpai: Well, as regards that, I do not happen to have the figures with me at the present moment, but in any case what probably happens is that the local post offices conform in the matter of price to the adjoining Local Governments, that is to say, Delhi, to the Punjab and Ajmer-Merwara, and the Rajputana States to the U. P. But I have already undertaken to have that point examined. So far as we are concerned, we have actually given away 45,000 pounds of quinine for free distribution. We do not stand to gain very much by selling this quinine to people at Rs. 27-8-0 per pound in the very very exiguous area and population for which we cater direct. That is the position as regards the sales of quinine either directly by the Government of India or in the areas which are under the direct control of the Government of India.

One word more, Sir, about the policy of self-sufficiency. I pointed out to my friend that, although we undertook expenditure on the acquisition of quinine and we undertook expenditure on the development of plantations, there was not from the provinces the response that was needed in order to continue production on a progressive scale. Not only that. Under the new Government of India Act, even the powers that are now vested in the Governor General in Council under the present Act to regulate the production and distribution of quinine disappear. I happen to speak from personal knowledge, because, Sir, I was actually present at the first Round Table Conference, and this point was actually raised there. The opposition from provincial representatives was universal, and therefore you now find yourself faced with the position when the Government of India under the new Constitution will not even have the measure of power or responsibility that they have at present. In the circumstances, Sir, it would be an act of madness to go on developing plantations, because there is no guarantee regarding the utilisation of quinine even at the minimum cost of production. So we must leave the matter to the Provinces. If the provinces wish to take the initiative in the matter of centralisation, well, they have got to approach the Government of India. I have had investigations made as to the possibility of further increasing production in this country. To be quite frank, the experiment at Maymyo was not a very encouraging one. We put up the plantations in one year and there was very heavy rainfall, and some of the plantations were swept away. The best prospect of developing plantations seems to be in Bengal. They are actually producing something like 54,000 lbs. of quinine every year as against their own local consumption of 25,000 lbs. If there should be a concerted demand hereafter from the provinces for the production of quinine in India in order to meet all their demands, then I submit that the Government of India will only be too glad to take the requisite initiative in the matter. But till then, we can only confine ourselves to the disposal of the stocks that we have. I have already explained to my Honourable friend how 45,000 lbs. have been given away, and there are something like 20,000 lbs. left, over and above the

[Sir Girja Shankar Bajpai.]

reserve of 150,000 lbs. which the Government of India have been advised by their experts to maintain. Some time ago, my Honourable friend, or another Member of the House, I forget now, asked me a question why it was that we considered it necessary to maintain a reserve of 150,000 lbs. Then I mentioned the case of Ceylon where you had a sudden epidemic. They ran short of quinine with the result that they had to turn to the Government of India which was the nearest source available in order to get 10,000 lbs. of quinine. It is hardly likely that if we should have a catastrophe on a proportionate scale in India, anything like 10,000 lbs. would suffice, and therefore, it is only the path of prudence in my opinion that the Government of India should continue to maintain a reserve of 150,000 lbs. There is one point I should like to mention for my Honourable friend's information, and it is this. The watchdogs of public expenditure in this House, I am referring to my Honourable friend, Mr. Satyamurti, and others, when the matter came up before the Public Accounts Committee last August, said: Is it really right that the Government of India should maintain such a reserve without having a proportionate contribution from the provinces? I should like him to remember this when he again reflects upon the question of quinine supply and distribution in this country.

The second point which my Honourable friend raised related to nutrition, I am talking of human nutrition. He referred appreciatively, and I entirely endorse that appreciation—he referred very appreciatively to the work that has been done by Sir Robert McCarrison and Dr. Akroyd. I think he is aware, and if he is not aware, I should inform him, and I shall also take the opportunity of informing this House, that the work of Sir Robert McCarrison has been financed by the Government of India through the Indian Research Fund Association. Of course, the technical credit belongs to these two scientists, but the financial credit, may, if I may say so, be reasonably given to the Government of India. And I may give a few figures. In the course of the last few years I think we have spent as much as Rs. 4½ lakhs on nutritional research. I have in my hands a pamphlet produced under the auspices of Sir Robert McCarrison giving a number of permutations and combinations as regards balanced diets which the peasant or the poor man in this country can consume within the resources that are available to him. Dr. Akroyd is following up this work. It is not, in other words, that information regarding the nutrition value of diets is not available. What is needed, perhaps, is further investigation as to what different sets of people in different parts of the country actually eat, and further how best the results of the researches, that have been carried on already, can be made available to the people at large. In other words, it is a question of dissemination of information more than continuation of research on a intensive scale,— investigation and dissemination of information. My Honourable friend threw out yesterday a suggestion for the creation of a Nutrition Board. I am not in a position to commit the Government or the Indian Research Fund Association on that point now. But it seems to me that, possibly, for assistance in the direction that I have mentioned, namely, investigation and dissemination of information, some such machinery may be useful to us. Unfortunately, I have not had time since overnight to look up what is happening in Japan and in other countries in the world. If my Honourable friend can supply me information as to what the Boards do in Japan and these other countries, I shall also take that into account, but he may rest assured that we are fully conscious of the importance, the

universal importance, of making available to the people at large in this country the results of nutritional research, and any suggestion that he or any other Member of this House can throw out to assist us in the matter of making our task easier will be most sympathetically and carefully considered. That, Sir, disposes of the question of nutrition.

I shall now deal with the last point, namely, dairying.

Lieut.-Colonel Sir Henry Gidney (Nominated non-Official): What about soya beans?

Sir Girja Shankar Bajpai: That is only one item in a balanced diet.

Now, as to dairying, the Honourable Member suggested, not, I say, in any spirit of cavil, but in a spirit of light-hearted humour, that the Government's conscience in regard to the importance of dairying had only been recently stimulated; that this is a gentle titillation and no more than that; that the Government of India had been neglecting their duty in this respect for all these years. Now, Sir, I do not claim for the Government of India, perfection of achievement in regard to this. We recognise that the problem is a very vast problem. I am also prepared to admit that, perhaps, in the past as much has not been done as might have been done for the various needs that are comprehended under the term dairying. There are three things involved there. First we must have a very good breed of cattle, secondly, we must keep your cattle well and feed them properly, and that second thing brings me to the third thing, namely, proper nutritional investigation as to what the cattle in this country are fed on, and what the farmer can afford within resources that are available to him. Finally there is the point which my Honourable friend made yesterday, referring to the economic and scientific utilisation of milk products in this country for the purpose of sale and consumption.

Now, may I just briefly give the House, as briefly as I can, an account of what has been done in this direction? There are maintained by the Government of India,—and these are in addition to the farms which the Local Governments may themselves be maintaining—there are maintained by the Government of India three farms for looking after the best known breeds of cattle and for improving them. There is a farm at Karnal, there used to be a farm at Pusa, and it is still there, and there is a farm at Bangalore. Those are the three centres which exist and are maintained by the Government of India for looking after that side of the problem. Since 1923 the Government of India have also maintained a dairy expert whose activities are twofold. First, there is instruction of selected youths in modern methods of dairying and dairy farming. I cannot say exactly how many students have passed through the institution since it was established, but a very large number or most of them are well established either on farms of their own or in the employ of people who run farms. That, Sir, is the instructional work that is being done. Over and above that, he has been giving technical advice to those people who wish to start dairy farms, dairies either in the countryside or in the towns. That is the second stage of the activities of the Government of India in regard to this matter, and I may say that during the last five years these two things have cost us something in the neighbourhood of Rs. 21 lakhs, may be a little more. Now, I come to the point which my Honourable friend mentioned yesterday, namely, the industrial utilisation of milk. For that purpose we have two plants. Unfortunately, as a measure of retrenchment, in 1932 it was decided to close down the Creamery at Anand in Guzerat where we have very good cattle to obtain a milk supply from.

[Sir Girja Shankar Bajpai.]

We are now reviving that; we have secured financial provision for that purpose. That is where research in the method of utilisation of milk and cream is to be carried on, and I hope that that activity will be launched soon. Then, Sir, I mentioned to my Honourable friend that there was the problem of nutrition that had to be considered. For that purpose also, financial provision has been secured and we hope to start in the near future at Izzatnagar a Nutritional Institute which would investigate the question of dietary of cattle that produce milk in this country. So, whether you take it under breeding, or under instruction of people for dairy farming, or whether you take it under the head of utilisation of modern knowledge for the purpose of industrial utilisation and research—in regard to all these three matters, the Government have not only been thinking of schemes, but they intend shortly to launch schemes which they hope would produce results of widespread value to the people of this country.

My Honourable friend's practical suggestion yesterday was that we should throw open for grazing forest areas. Now, he knows, as well as I do, that these forest areas are not directly under the control of the Government of India; they are under the control of Local Governments. But I took the precaution of ascertaining from my experts overnight as to what they think of this. They say that actually regulated grazing is allowed even now in forest areas in the provinces.

An Honourable Member: Very little.

Sir Girja Shankar Bajpai: Unregulated grazing, they say, is open to two main dangers. One is cattle disease; the risk of infection is much greater if you have unregulated grazing than if you have regulated grazing. The second is that if there is unregulated grazing then such grasses as are available for purposes of fodder will be rapidly consumed and when they have been consumed the state of the cattle will be much worse than their position today when grazing is regulated. The important thing, they think, on which they ought to concentrate is the regulated production and use of fodder in these forest areas. My Honourable friend is aware that in times of scarcity hay which is produced in the forest is of the utmost value. Their opinion is that that is direction or line along which development is both desirable and feasible, not the indiscriminate throwing open of forest areas for grazing of cattle at large. That, Sir, is all that I have to say. I will end by saying what I said somewhere in the middle of my speech. I am not here to claim that the Government of India have achieved perfection but what I do claim is that whether my Honourable friend has been thinking of malaria control or of nutrition or of dairying, the Government of India are alive to the urgent problems that press themselves upon their attention and the attention of Local Governments and that consistently with their resources they are doing and they are determined to continue to do what they can.

Lieut.-Colonel Sir Henry Gidney: [Sir, as the discussion on the Finance Bill affords greater latitude to Members to deal with matters directly or indirectly concerned with the Finance Bill, I take this opportunity to ventilate certain matters of vital importance to employees of all communities in the Central Government Services and which, unfortunately, I was not able to present when the demands for grants were discussed last week.

Although the subject-matter of the remarks I desire to make refers particularly to the revised scales of pay of the Anglo-Indian and domiciled European communities, especially those employed in the Central Government Services, particularly in the Railways and the Posts and Telegraphs, I venture to suggest that the disastrous effects of these revised scales are not confined to the community which I represent. It affects, as I shall try to prove, the educated classes of all Indian communities, because the effects on them of these new scales are equally alarming and disastrous. The complaint is, therefore, common to all communities in India, but I must admit to a greater extent on the community which I represent in this House. Inasmuch as the suffering is common to all communities in India, I am sure my Honourable friends on the opposite benches, in justice to their own electorate, cannot dissociate themselves from the remarks I intend to make on this subject /

Before dealing with the particular aspect of the community which I represent, I should like to place before this Honourable House, in broad outline, the disparity between the rates of pay which obtain today in the Railways and other Government of India Services. The revised rates of pay for subordinates in all departments of Railways, especially the initial stages, is a salary of Rs. 30—3—45/5—60 and Rs. 65—5/2—85. The minimum qualification prescribed for all such employees is the matriculation standard. Do Honourable Members of this House realise and appreciate what this means? It means that an employee, whether he is an Anglo-Indian, domiciled European or Indian will start on an initial salary of Rs. 30 per mensem and will not reach a salary of Rs. 60 till he has completed 9 years service and Rs. 85 till he has completed 17 years service. I ask the Government benches to show me another department of the Government of India, demanding the matriculation educational standard, where an Indian or an Anglo-Indian starts on such a small salary and rises to a maximum of so small an amount after 17 years' service. It further means that if an employee enters service at the age of 20, he is 37 before he reaches the magnificent salary of Rs. 85. If the elected Members of this Honourable House of these educated masses of India are prepared to look upon this as a satisfactory position, I have nothing more to say. For comparison let me give the revised scales of pay of a postal clerk or a telegraphist (in whose case also a minimum matriculation examination is demanded). The postal clerk starts on Rs. 40 and the telegraphist on Rs. 45 a month and he rises by increments 45/45—3—60/4—120 after a certain number of years of service. I ask the Honourable Member why start a postal clerk or a telegraphist on Rs. 45 a month and insist on a cleaner (whatever be his nationality, possessing the matriculation standard) starting on Rs. 10, 12 or 15 per mensem, and then after years as a fireman on Rs. 30 rising to Rs. 50 after years of service. Is it because the latter jobs require greater stamina and greater physical development, is it because they have to work year in and year out by the side of the engine furnace, in the heat of the summer, exposing their lives and the lives of the public to danger, or is it because Government wishes to traffic on the poverty of thousands of these educated young men who greedily seize any job on any salary rather than suffer the pangs of hunger and misery that are associated with unemployment that is running rampant in this country today? The Honourable the Commerce Member, for whom I have a great regard and respect said the other day that there was no fall in the number of qualified Anglo-Indian recruits. Does he

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forget the undeniable fact that today 90 per cent. of Anglo-Indian employees on the Railways are in receipt of the old generous scales of pay and is he aware of the fact that most parents have to come to the rescue and supplement the miserable pittance which these men—may their sons and other relations—are getting today? Does he realise that within twenty years time 90 per cent. of these employees will be in receipt of the new scales of pay and will be totally unable to help their children who are struggling to live on an absolute starvation wage? Then again the Honourable Member stated in reference to cleaners that it was an act of kindness on the part of the East Indian Railway to give employment as cleaners to certain Anglo-Indian boys who were taken some years ago on these low rates of pay of Rs. 10. I am very grateful for the consideration, but may I tell the Honourable Member with all respect that today it is the order of the day, *viz.*, these Anglo-Indian lads whose education cost their parents Rs. 40 and over per mensem are being recruited all over India on this miserable pittance of Rs. 10, 12 or 15 a month. It is not a question of generosity of Railways. It is today a fact and a practice that being a cleaner is the only passport to become a fireman and from a fireman to a driver and from a driver to a foreman and so on. Also this Rs. 10 is the recognised official scale that is given to a certain class of servants called "cleaners" and from that cleaner the Government demands a matriculation standard. I know, Sir, that you can get thousands of illiterate men who will gladly come forward as the coolie classes on this pittance, but it is to that educated boy, Indian or Anglo-Indian, whom the Government is giving this miserable pay—a starvation wage, unknown in any other Government of India Department.

Dr. F. X. DeSouza (Nominated Non-Official): Why do they want a matriculate?

Lieut.-Colonel Sir Henry Gidney: I don't know why? Sir, I know the Honourable Member could get thousands of applicants on any scale. Let me ask him to try the experiment of advertising the jobs of fireman on Rs. 20. He will get thousands of people applying, but I do put it to him that the railways will get only the dregs of the community, *i.e.*, those who have failed to secure employment elsewhere. If a matriculate had to choose between a fireman or a guard's job and a clerical or a telegraphist's job, which do you think he would prefer? He would certainly prefer the job that gives him a higher initial salary, a salary that will enable him to live, and not a starvation wage, and he would also appreciate that on that higher salary he would not have to suffer the hardships and privations and risks that are attendant on employment on railways. I know the railway employee gets some overtime, but that is not pay; that is earned by the sweat of his brow. Sir, even a clerk in a commercial firm is started on a better pay and has hopes of better prospects. I would like to tell my Honourable friend, the Commerce Member, that the Railways will get, in time, only the third and fourth class men as subordinates. The few better men who might join, I can assure him, will soon be disillusioned and become discontented in regard to their prospects, which are, at the best, in most cases, as I said before, Rs. 85 after 17 years' service. These men are too young to realise what is before them today and there are likely to be wholesale resignations afterwards. Sir, I warn the Honourable Member and the Government of India, keen as they are to reduce their overhead costs, anxious as they are to economise and to retrench what are they

leading to? Sir, they are running headlong to suffer heavier financial loss by inviting dishonesty and corruption. Sir, the Honourable the Commerce Member in his Budget speech asked the public to help him in killing this corruption in the Railways. Sir, the Government of India are inviting corruption themselves by placing people in responsible appointments on starvation wages. I ask the Government to remember this. They will find, Sir, in 25 years' time when all railway employees will be on this miserable revised pay, that their revenues will be considerably reduced not on account of reduced cost for staff or lessened goods or passenger traffic but by dishonesty, corruption and bribery which will then be rampant to enable their starved employee to live. Now I ask Honourable Members on the opposite benches—are they prepared to sit complacently in their seats when, perhaps, their own children and relations are to be expected to be satisfied with this position, these pauper's wages?

Mr. B. Das (Orissa Division: Non-Muhammadan): We condemn corruption wherever it is found.

Lieut.-Colonel Sir Henry Gidney: I will thank you not to interrupt me, Mr. Das. Sir, it is time this Honourable House did something to protect these educated men, these youthful subordinates who joined the Railways after 1931, if not it is time these educated men knew the interest taken in them and their scales of pay by their representatives in this House. I know Honourable Members here are keen on improving the standard of living in all grades of life. The Government of India themselves have often stated that it is their declared policy to raise and improve the standard of living of its servants. I ask is this the way they intend to raise the standard of living? Sir, I ask my Honourable friends on the opposite benches to take an absolutely unprejudiced and unbiassed view of this matter as far as it concerns my community. It affects them the same as it affects my community (Hear, hear), but except for my Honourable friends, Mr. Joshi and Mr. Giri, I find no interest whatever taken in this House to combat the revised scales of salaries allotted to these unfortunate classes of workmen. (Hear, hear.)

Now, Sir, it is my duty as the representative of my community in this House to place before this House and the Government my strong protest against these iniquitous scales of pay introduced in certain Central Government Services. Let me deal in detail with the Railways. Sir, till recently there were two grades of subordinate employees on Railways carrying different scales of pay and different systems of promotion. Anglo-Indians and Europeans were recruited to the higher grades carrying higher salaries obviously on account of their high cost of living and education and possibly on account of their services in the Auxiliary Force, while Indians at that time, mainly uneducated, were recruited to the lower grades and scales of pay. Since 1925 Government have been committed to a policy of no racial discrimination. Side by side with that was being waged an acute labour struggle for improvement of the conditions of service of inferior servants who number now about six hundred thousand, but 700,000 a little while ago. In many cases, thanks to the persistent advocacy of my Honourable friends, Mr. Joshi, Mr. Giri and Mr. Jammadas Mehta, the salaries of railway porters, pointmen, etc., were increased by about fifty to a hundred per cent. of their pre-war rates. The incidence of cost of the railway administration as a whole under this head alone amounted to Rs. 6

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to 10 per head of these 600,000 menials and inferior servants. Now, I ask the House to try and realize what this means. If six hundred thousand inferior servants were given an increase of only one rupee per month, it would mean an increased expenditure on the part of Government of Rs. 60 lakhs a year. Increase that by fifty or a hundred per cent. of their original salaries, and you have an increased expenditure of Rs. 4 to 7 crores a year—this is the position that faces the Government today and in this cost I exclude suitable habitation, medical attendance and other facilities and amenities which have added substantially to the total expenditure for inferior staff on Railways. I am not suggesting by any means that these inferior servants do not deserve this increase. I am myself very happy over it, and I am glad the Government of India have improved the standard of living of these inferior servants; it was very necessary indeed. But what I wish to say is, when the Government was faced suddenly with this enormous—this prodigious—increase in their expenditure and the world trade depression (for these inferior staff increases were effected just a few years ago), it found an easy excuse to reduce the salaries of those subordinate grades to which Anglo-Indians were previously recruited. In its insistent demand for “no discrimination”, this House gave its moral support to this iniquitous reduction in the scales of pay. These higher grade subordinate appointments were brought down to the level of the former lower grades instead of levelling up the lower grades—even if it were one-half or one-third way—to the level of the higher grades, and the Anglo-Indians and domiciled Europeans were sacrificed on the altar of this expediency. But unfortunately this House did not know what they were doing in crying for “no discrimination”. Honourable Members undoubtedly thought that by demanding “no discrimination”, their own classes would be brought up to the Anglo-Indian level of salaries. But the Government, in its desperate effort to balance the Budget, and faced as it was with an annual increase of Rs. 4 crores to 7 crores in the increased wages granted to their inferior servants, the top-heavy administration and the trade depression, gave no regard whatever to the needs of the subordinate. The lower, i.e., the Indian grades, were not materially affected, except that, whereas formerly illiterate Indians were generally recruited to these grades which carried salaries from Rs. 30 and above rising to about Rs. 75 to Rs. 100 per mensem, today the only difference is that matriculates are demanded and recruited. In the case of Anglo-Indians, however, the reductions were both in the starting and maximum salaries of even those posts to which initial recruitment is made from 50 to 60 per cent. Let me, Sir, place before this House and before the Honourable the Commerce Member a few facts which I have extracted from official figures. They will speak for themselves better than anything that I can say. Let me take only three out of many similarly affected classes of employees on railways. In the old scale as firemen, Anglo-Indians were recruited on Rs. 80—10—120 per mensem. The revised scale is Rs. 30—5—50. The reduction in the initial pay is, therefore, 63 per cent. and in the maximum pay 58 per cent. As Ticket Collectors, the old scale of pay was Rs. 70—5—120 per mensem; the revised scale is Rs. 30—3—45/5—60. The reduction in the initial pay is thus 57 per cent. and in the maximum pay it is 50 per cent. Let me give one more instance. Gunner guards, old scale of pay was Rs. 85—10—125 per mensem; the revised scale is Rs. 30—3—45/5—60. The reduction in the initial scale is, therefore, 65 per cent. and in the maximum pay 52 per cent. Sir, these official figures are startling enough and should

prove to the House this one fact that the Anglo-Indian community (and I say other communities also are suffering) are suddenly asked to lower their general economic condition and their standard of living to the extent of 50 to 60 per cent. of the emoluments that they were drawing before 1931. Apart from this phenomenal reduction in the initial and maximum salaries of these posts, let me add that the prospects in the higher posts also have been considerably reduced. In point of fact the salaries in these higher grades have also been reduced in almost all cases from 40 to 60 per cent. With reference to the remarks of the Honourable the Commerce Member the other day that the Gazetted ranks have suffered the most by the revised scales, I would invite him respectfully to deny the statement that I am going to make now. It is this: the driver's maximum pay has been reduced from Rs. 320 to Rs. 180, i.e., by 44 per cent.; the Ticket Inspector's maximum pay has been reduced from Rs. 500 to Rs. 180, i.e., a reduction of 64 per cent. The Head Ticket Collector's maximum pay has been reduced from Rs. 300 to Rs. 120, i.e., a reduction of 60 per cent. The maximum of the Guard has been reduced from Rs. 210 to Rs. 120, i.e., a reduction of 44 per cent. and so on. These reductions are in addition to the withdrawal or curtailment of many privileges enjoyed before which amounted to vested interests that the railway employees enjoyed before, such as passes have been reduced in number, house-rent allowance, assistance for children's education, overtime, etc. The Anglo-Indian, however, is still compelled to sign an agreement that he will serve in the Indian Auxiliary Force before he is engaged on the railways, a condition which is not demanded of any other employee in the Government of India services. Sir, I am one of those who believe with the rest of this House, equal work equal responsibility demand equal salaries. But while the Government of India with one breath states that there must be no racial discrimination with the other breath it practises the very opposite. For it demands from the Anglo-Indian alone as a pre-requisite of employment on railways, compulsory enlistment in a volunteer force called the Indian Auxiliary Force. Can you get a more glaring example of complete variance between practice and preaching. Even the much talked of cost of living which today is 47 per cent. over the pre-war rate cannot be adduced as a reason for the fixation of the present ridiculously low scales of pay. Sir, I think any student of economics knows that the present day cost of living—I speak subject to correction—is just about 47 per cent. above the pre-war cost, i.e., in July 1914, and yet the Government of India have offered to the Anglo-Indian community—indeed all subordinates in the Railway Department, a salary that is half the scales that were given before the war. The Anglo-Indian fireman was started in the pre-war period on Rs. 60 per mensem; even the Indian fireman received one rupee per day in the pre-war period. The Anglo-Indian guard started on Rs. 50 and received Rs. 60 after the first month's service and the Indian guard received Rs. 30. Thus even on the Indian scales of pay, calculated on the present day cost of living, i.e., 47 per cent. above pre-war cost, the fireman and the guard, Indian or Anglo-Indian, should rightly receive an initial salary of Rs. 45 per mensem. But what is he given now? He is given Rs. 30 as guard or ticket collector and he is given Rs. 10 as an initial pay as a cleaner, the fore-runner to a fireman in the Loco. Department. But note this: while both demand a matriculation qualification the cleaner starts on Rs. 10 per mensem goes through increments of 12 to 15 and finally to Rs. 30 per mensem, whereas in the Traffic Department, a ticket collector starts without any training on Rs. 30 per month. In the pre-war period

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an Indian got Rs. 45 per month practically. Where then is the justice in the revised scales of pay, even on the Indian standard? Sir, there is no justice in it. It is a cruel and ruthless effort to bring down expenditure by reducing subordinates' salaries; moreover it is encouraging discontent and further is inviting dishonesty among the ranks of its subordinates. In this connection one must recognise the fact that, Railways which were company managed, working for the profit of their shareholders, recognised the necessity of giving higher salaries to their Anglo-Indian subordinates. Notwithstanding the payment of these higher salaries they worked at a profit and paid good dividends to shareholders. In the case of my community, here again, although there still remains the increase in the pre-war cost of living, Government appear to have had no regard whatever for this consideration. The initial salary offered today is actually half of what he received in pre-war days instead of being 47 per cent. more, according to the officially accepted increased cost in the standard of living.

Now, let me deal with the Telegraph Department. Here almost a similar condition obtains. In pre-war days the telegraphist's pay was Rs. 50—Rs. 200. In the post-war period, that is after 1920, this was increased to Rs. 80—250. Here also in the effort of Government to increase the salaries of the lower paid staff of the Posts and Telegraphs Department, such as linemen, postmen, etc., which have been increased from 100 to 200 per cent. in many cases, the Government seems to have picked the telegraphists in which department the Anglo-Indian predominated, as their sacrifice of economy. The reductions in the initial and maximum salaries of the telegraphists' grade have been 47 per cent. and 52 per cent. respectively. Even the prospects in the Telegraph Department have been considerably reduced by the reduction of the number of higher appointments, such as first division and second division appointments from 14 to 3 and from 35 to 24, respectively—appointments which were previously open to the promoted telegraphists. Correspondingly, I presume there has been an increase in the prospects of the postal subordinates. For years Honourable Members in charge of this Department have rightly devoted their attention to improving the standard of living of their inferior servants. Postmen and others have got their pay increased, almost double of what it was in pre-war times. It was, I think, Sir Bhupendra Nath Mitra, when he held the office, which is held today with such distinction by my Honourable friend, Sir Frank Noyce, who so increased the pay of these inferior postal servants that today they have a salary on which they can live, although even they are grumbling. This naturally caused increased expenditure on about 100,000 lower staff and the Department finds itself faced today with top-heavy administrative charges regarding salaries. I can understand any Government Department wanting to or being compelled to cut its coat according to its cloth, but why not cut the coat so that it will fit all their staffs? Why give a coat which is a misfit to important employees of the Department. That is what is being given to the Anglo-Indian employees in the Telegraph Department to wear today. Sir, it is a significant and an undeniable fact that all attempts at economy in these two Departments—the Railways and Telegraphs—appear to have been directed mainly towards reducing the salaries and prospects of promotion of such sections of the Departments in which Anglo-Indians have been predominantly employed in the past, the reduction in most cases being as much as fifty and sixty per cent. The process of this reduction, if I may say so, has been an insidious one, but it has been contrary to all

the pledges and promises given on the floor of this House, especially the one given in September 1928 which originated in the Memorandum from the Secretary of State for India, in reply to a deputation that I led before him in 1926 in which he pledged that any such economic changes in the Telegraph Department must be gradual. Sir, does Government seriously consider a change that entails a 50 to 60 per cent. in loss of salary to be a gradual change in the economic life of the Anglo-Indian community? I pause for a reply from the Honourable Member in charge of this Department.

The Government of India have realised and have given expression to the fact that the Anglo-Indian community has been dependent on the opportunities afforded to it in the Railways and Telegraphs, and steps must be taken to prevent a violent dislocation of the economic structure of the community. That is what the Government of India have frequently avowed. How has this pledge been respected? I contend that the economic structure of the community can be and will be utterly dislocated and ruined in both the Railway and Telegraph Departments, notwithstanding the reservations of appointments contemplated by the Government of India Resolution of the 4th July, 1934, by forcing the community to live much below its standard of living. With all respect to my Honourable friend, the Commerce Member, a member of the Governor-General's Council, I feel I must express my sense of keen disappointment, indeed despair of the future of my community, after hearing what he said the other day. This is what he said:

"I am not willing to accept the proposition that the pay of members of any particular community should be regulated by reference to what they choose to regard as their standard of living."

Sir, the standard of living of any particular class or community is a matter of social economics. If an Indian Railway porter can live on a salary of Rs. 18 or Rs. 20 per mensem, (I have no doubt by eating the broken rice that my friend, Dr. deSouza, mentioned in his speech yesterday), why does Government fix the initial salary of a subordinate at Rs. 30? It is an admitted fact that a Railway porter can live on Rs. 18 a month, and an educated Indian youth, seeking service as a subordinate, cannot live on less than Rs. 30. If my Honourable friend, the Commerce Member, can accept that proposition I do not see any reason why he is unable to recognise the difference in the cost of living as between the Anglo-Indian and the Indian. The different rates provided by Provincial Governments for Anglo-Indians and Indians in the jails and other purposes is a recognition of this difference in their respective standards of living. Sir, I can quote many instances in which Government are practising this difference based on different standards of living. Let me take Railway schools as also hospitals. The Anglo-Indian child and patient are charged more than the Indian. Then let me take medical attendance; he has to pay more than the Indian. Indeed take any hospital in this country, municipal or district board, civil or military. There are different standards of diet for Anglo-Indians and Indians, and why? Because their customs are different and their food is different, i.e., the Anglo-Indian food is more costly. Even the Vagrancy Act recognises this difference. In jails, even the debtor's jail, this difference in the standards of living is a practised and recognised fact. If these things are accepted by Government it ill-becomes a Member of Government to say that he cannot accept the standard of living as a *raison d'être* for a difference in salaries.

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It is not a question of my community choosing to regard any particular standard of living as its own. The standard of living of the Anglo-Indian community is not a standard of its own choice, but one according to which they have been brought up from their inception in this country, and, if I may say so, as a result very largely of the policy of the Indian Government in the past, which the community has served most loyally and faithfully. Having regard to the fact that the responsibility of Government in this connection has been duly and frequently acknowledged, not only by spokesman of Government in the past, but also by the British Parliament (the supreme body ultimately responsible for the Government of India), I emphatically aver that the Governor General in Council must see that the community, one of the minorities in India, whose protection is one of his special responsibilities, is not compelled to submerge its identity through being forced by a sudden change in the policy of Government, to live down to a standard of living to which it has not been hitherto accustomed; and this within three years and without any warning. In 1931 new entrants were engaged temporarily; they were not told what their new scales of pay would be. In 1934, three years afterwards they were told that the reduction in scales of pay would be from 50 to 60 per cent., and they have had to take it or leave it.

It may be mine is but a voice crying in the wilderness, but, Sir, I would be failing in my duty to my community if I did not place before the Honourable Member the distressing position in which the community finds itself today. And in this connection, I would point out that it is because the British Parliament was not satisfied that the reservations of appointments made in the Government of India Resolution of July, 1934, for the Anglo-Indian community were, in themselves, sufficient for the fulfilment of their responsibility to the community, that the amendments to the original clause of the Government of India Bill, as now embodied in section 242, sub-sections (2) and (3), were passed by that body, making specific reference to the "remuneration attached to such posts". Sir, any one, who is familiar with the Government of India Act of 1935, section 242, sub-sections (2) and (3) especially when read in conjunction with the preceding section 241, will be convinced of what I say. This is what the section says:

"shall have due regard to the past association of the community.....with these services.....and the remuneration attaching to such posts."

It cannot be said that the present revised scales of pay of the posts to which section 242 (2) and (3) applies, particularly in the Railways and Telegraph Departments, have been fixed with "due regard" to the past remuneration of these posts. The authoritative explanation given by Lord Eustace Percy, speaking in the House of Commons on behalf of the British Government on the 30th July, 1935, of the words "due regard" is very significant. This is what he said *inter alia*:

"But surely the effect of these words is precisely as I have stated. You would never be able to bring any case in the court to prove that the railway authority have not had 'due regard'. It is not provable in any court of law, but on the other hand it is a statutory duty on the Railway authority to have such regard. It is a duty on the Governor General to give directions to that railway authority to have such regard, and to say that all that has no statutory effect and that it is purely a facade would be absurd. It is a valuable statement of the standard by which the railway authorities must act."

Sir, although the words "due regard" may be given a very elastic interpretation, there is an absolute statutory obligation in its observation by Government. It is practically a mandate to the Railway authorities that they "shall" and they "must" have due regard to our remuneration. You may say what you like, but the question of having "due regard" does not mean that you can throw away that regard, rather it means you must observe that regard. With this explanation before me, I cannot conceive that a reduction of 50 or 60 per cent. in the scales of pay in the Railway and Telegraph Departments can be said to have been fixed, with "due" or indeed "any regard" to the past salaries. I am prepared to admit that "due regard" does not necessarily mean the continuation of the past position identically in every detail. But I do submit that the words "shall have due regard" implies an obligation, and indeed a mandate. On the other hand, to pay no regard to this question of remuneration, I beg to submit, with all respect to Government and the Honourable Member, who I know is out to do justice to everybody, is a distinct denial and violation of the sanctity of the various provisions for safeguards contained in the different sections of the Government of India Act.

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Railways): I am still waiting for the Honourable Member's interpretation of this clause to which I may have to reply. The Honourable Member goes on repeating that we should have or the Federal Railway authority should have due regard to certain matters. But I am waiting for his interpretation of those matters. Does the Honourable Member mean that this clause lays an obligation on the future Federal authority to give differential rates of pay to certain classes of employees for the same kind of work and the same kind of employment, as distinguished from other classes of employees?

Lieut.-Colonel Sir Henry Gidney: The Honourable Member has confined his criticism and his demand from me for an explanation of "due regard" to this particular item of remuneration. Let the Government benches take their minds back a few years and try and see whether they gave due regard or not when they granted the Lee Commission concession to British officers. Let them try and answer that. The words "due regard" are employed here in the Act. I will read the Act for the information of

The Honourable Sir Muhammad Zafrullah Khan: I have got the Act.

Lieut.-Colonel Sir Henry Gidney: This Act was discussed in the House of Commons and the House of Lords. Honourable Members who have not read the debates apparently do not know what actually happened.

Mr. B. Das: We know, we read it.

Lieut.-Colonel Sir Henry Gidney: I know your knowledge, Mr. Das, but every one has not your knowledge. Possibly knowledge is a mirror reflecting the intelligence of Orissa (Laughter).

The Honourable Sir Muhammad Zafrullah Khan: If the Honourable Member will excuse a second interruption, all that I was on was this. If he so chooses—I am not forcing him to do so—if he will put forward his

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plain interpretation of what he conceives to be the effect of this sub-section, it might be possible to take up one of two positions; it might be possible to say "Yes, Government accept this interpretation of the section and it will be so applied when it comes into force"; or it might be possible to differ from him and say "This is not the meaning of the section". So long as the Honourable Member continues merely to generalise, it is not possible to discover what exactly he is aiming at and what in plain language he wants Government to do to carry out the responsibility laid on them by this sub-section.

Lieut.-Colonel Sir Henry Gidney: If the Honourable Member will wait for a little while I will tell him. The Honourable Member, with his vast experience and knowledge of legal matters, takes rather an unfair advantage of an amateur like myself. He can pin me down to the legal interpretation of the words "due regard", but. . . .

The Honourable Sir Muhammad Zafrullah Khan: I do not say "legal". I say the plain ordinary man's interpretation, so that there may be no quibble left.

Lieut.-Colonel Sir Henry Gidney: Let me give this House a summary of the debates in Parliament on the value of the words in this clause. When this matter was discussed in the House of Commons, it led to a very interesting discussion between some of the most important members of the House. It was Lord Zetland who accepted the amendment of Lord Lloyd in the House of Lords, because every part of the House supported it. Lord Lloyd's amendment was one which Sir Samuel Hoare had previously refused to accept in the House of Commons and which Government defeated by about 229 to 52 votes. Later in the House of Lords, Lord Zetland in accepting Lord Lloyd's amendment as it appears in clause 242 of the Government of India Act, 1935, said that these words were purely of declaratory value and meant nothing. This interpretation of due regard and declaratory value was challenged in the House of Commons by all parties. Viscount Wolmer challenged it. Sir Reginald Craddock challenged it, Sir Austen Chamberlain challenged it.

Mr. B. Das: All diehards.

Lieut.-Colonel Sir Henry Gidney: Mr. Das, you do show such colossal ignorance. I am talking of Sir Austen Chamberlain.

Mr. B. Das: He is also a diehard.

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

Lieut.-Colonel Sir Henry Gidney: Not only Sir Austen Chamberlain, but such stout champions of the Government of India Bill as Mr. Kirkpatrick, Mr. C. Williams, Mr. Molson and others demanded from Government an explanation of the words "declaratory value", as they were not satisfied with the explanation given either by Lord Zetland in the House of Lords or by Mr. Butler in the House of Commons. Repeated demands were made for a legal opinion from the Attorney-General, but as he had left the House, it was Lord Eustace Percy, who, speaking on behalf of the Government, said the amendment ' statutory power. Let me quote

what Sir Austen Chamberlain said on the statutory value of the amendment; after Lord Eustace Percy had spoken:

"The Honourable Gentleman who has spoken will be grateful to the Noble Lord (Lord Eustace Percy) for the explanation he has just given. For my part I accept it as a satisfactory explanation. I think that the words introduced in another place are an effective guarantee for the fair treatment of the class of community whose case is under discussion. It is not the words themselves but I think the Secretary of State in another place (House of Lords) used some rather loose language in describing what they were and what they were not. What I have hitherto understood by a declaratory law was that when doubts had arisen as to what the law was, it was positively declared to be so and so; that, in fact, the Legislature professes to re-state clearly the existing law and not to introduce an entirely new law. That is a very different thing from saying, in connection with such an amendment as this, that it is purely declaratory and that it does not bind anybody to do anything. I think those words were unfortunate and gave rise to misgivings which have found expression today. After hearing my Noble friend I am satisfied that the words themselves are right and will do what we want done."

Now, how did the House of Commons interpret these amendments? They interpreted these amendments to this Act as binding on the Federal Government of India, not declaratory as the Government of India think they are. I have given only one quotation from this debate, I can quote from five or six, equally important statements, confirmatory to the view expressed by Sir Austen Chamberlain, and if I may say so, equally decisive in their interpretation. With these facts before them, Sir, what have the Government of India done? The Government of India have given no regard to the words "due regard" but have utterly disregarded them. I ask this House, I ask every Member on the opposite benches to put his hand on his heart and say if the imposition of these pauper's scales of pay is an observation of due regard? I ask is any regard paid to a young Anglo-Indian lad whose education cost him from Rs. 40 to Rs. 50 a month to start on a salary of Rs. 10 per mensem to demand from him a Matric educational qualification, and also to demand from him compulsory service in the Auxiliary Force?

An Honourable Member: Drive them out.

Lieut.-Colonel Sir Henry Gidney: No, we cannot drive the Government out. I am not asking the Government of India to give me a privileged position. I want them definitely and finally to realise that the Anglo-Indian cannot live on this starvation pay and if it is insisted upon one of two things must happen. It will drive the community from the Railways and Telegraphs or it demands the community to so lower its standard of living as to live on rice and *chappattis*. If that is Government's desire do let me have some time to develop this dietetic taste and change in food. Why rush me and so ruin my physique.

To my mind, "due regard" by law may mean one thing, but "due regard" as found in clause 242 (2) and (3) of the Act and as interpreted in the discussions in the House of Commons meant only one thing, *viz.*, that Government "must have due regard" and not "no regard"—that is what I charge the Government with. If I may go further I would call it utter disregard. Sir, I do not want to be spoonfed, but I appeal to the Honourable Members in charge, in all seriousness to give me enough money so that I may live according to my standard of living, and let the Government of India not forget that their bulwark, their dependence during all railway crises in the past have been their Anglo-Indian and European employees.

An Honourable Member: Question.

Lieut.-Colonel Sir Henry Gidney: I know many instances in which strikes have taken place and have failed because of the loyalty of Anglo-Indians and for this unflinching loyalty we have incurred the hostility and displeasure of my friends on the Opposite Benches. Is this to be our reward from the Government of India?

Sardar Sant Singh (West Punjab: Sikh): You have got the price for it.

Lieut.-Colonel Sir Henry Gidney: Will you keep quiet and confine yourself to your communalism in the Punjab?

Honourable Members: Order, order. Address the Chair.

Lieut.-Colonel Sir Henry Gidney: I ask the Honourable Member in charge of Railways: is this playing the game?

The Honourable Sir Muhammad Zafrullah Khan: As the Honourable Member goes on putting questions to me, I am bound to observe, with reference to his last observation, that the biggest and the most critical strike on the North Western Railway was led by Mr. Miller, and I hope the Honourable Member will tell the House whether he was an Anglo-Indian or not.

Lieut.-Colonel Sir Henry Gidney: I am very grateful to the Honourable Member for giving expression to his knowledge of the North Western Railway strike. Let me tell him that the actual fact is exactly the opposite of what he has told the House. Mr. Miller was a European and an ex-soldier from the British Army, he was not an Anglo-Indian. He was treated very unjustly by the North-Western Railway, and he got support from the North Western Railway (Indian) Union of which he became a member. That is my reply to the Honourable Member's statement. I challenge him to deny that. I do not think it is right for the Honourable Member to say what he did; he does not know the history of the railways in the past; he does not know. . . .

The Honourable Sir Muhammad Zafrullah Khan: I have not denied it; but I do think this kind of argument does not lead the question any further. After all, the main question, as I have repeatedly tried to put it, in case the Honourable Member expects a reply from me, is as to his interpretation of this sub-section. He will not come to that. I know the meaning of 'due regard' as well as he does. There is no dispute with regard to that: but the question is as to his interpretation of the rest of the clause. What is his interpretation of it and what does he think the Government of India ought to do in order to discharge their responsibility under this sub-section?

Lieut.-Colonel Sir Henry Gidney: I am very glad that I have had an opportunity of telling this House the truth about the North Western Railway strike.

The Honourable Sir Muhammad Zafrullah Khan: I am prepared to accept that Mr. Miller might have been a European; but it does not make the Honourable Member's case any better than if he was an Anglo-Indian.

Lieut.-Colonel Sir Henry Gidney: Then why did you refer to him? The Honourable Member tried to make my case worse. I am sorry that the Honourable Member should have referred to it; I did not expect he would do so. Anyhow what will happen if the Government of India refuse to consider what I have asked? I have repeated just now, two things will happen. It asks the Anglo-Indian and the domiciled European to so adapt his standard of living as to come down to the level of the depressed classes.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): May I interrupt the Honourable Member for a minute? Why cannot the Honourable Member answer this question? What is it that he wants the Government to do in order to give effect to these words "shall have due regard"?

Lieut.-Colonel Sir Henry Gidney: I am coming to that. The other effect it will have will be to drive the Anglo-Indian community out of Railways and Telegraphs. If that is the ultimate result, this protection in the Government of India Act is of nugatory value to the community. The Honourable Member has asked me a question. I repeat I am not a legal man; but to my mind "due regard" associated with the words "must" and "shall" has a mandate behind it and a statutory effect and you cannot deny this. If that is not so, then every other clause in this Act is useless. You may say I am not right from a legal point of view. . . .

The Honourable Sir Muhammad Zafrullah Khan: No, I have not said that; do not misinterpret me.

Lieut.-Colonel Sir Henry Gidney: Due regard must be had to the past associations, and if what I have said is correct, I am now going to ask the Honourable Member if he will consider this: all that I am asking is to give the Anglo-Indian and the domiciled European an allowance for the admitted extra cost of his food. I ask that one of two things should be done. . . .

An Honourable Member: Nothing for drink?

Lieut.-Colonel Sir Henry Gidney: Please let me go on. One is to raise the initial salary of all subordinates to a living wage, say Rs. 50 a month, which is even less than the pre-war rate; this will give all a living wage. As regards the Indians neither Mr. Giri nor Mr. Joshi will deny that statements were placed before the Labour Commission showing that the Indian subordinate's minimum cost of living was put at about Rs. 60 a month. The Anglo-Indian community put up a slightly higher figure, based on the following meagre fare: a cup of tea and two slices of bread in the morning—4 annas; a plate of curry and rice at breakfast—8 annas tea and bread again in the evening—4 annas, and at night another plate of curry and rice—8 annas. This comes to a total of Rs. 1-8-0 a day or Rs. 45 a month. Then he has to clothe himself, pay his Provident Fund, medical attendance, educate his children, etc., etc. Moreover he has to

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join the European Institute; he has to be a member of the Auxiliary Force; these are the things that are demanded of him, and yet the Honourable the Commerce Member expects that man to live on Rs. 10, 12, 15 or even Rs. 30 per mensem. I say increase his initial salary to at least Rs. 45 per mensem. My friends, Mr. Giri and Mr. Joshi, will support me. (Laughter.) They will. Let them deny this in this House. You laugh, but you know nothing about it at all. Let the Congress member in the white suit who interrupted me try his hand in his white suit at stoking an engine. He would soon change not only his tune but his white suit. I ask the Honourable the Commerce Member to increase the initial pay to Rs. 45 and so make it at least an existence if not a living wage; or if he is not able to do that, I ask him to give an adequate food allowance to Anglo-Indians and Domiciled Europeans until their pay reaches Rs. 150 or Rs. 200 per mensem and then stop it. He will then be able to live. It is not an unreasonable allowance that I am asking because he like the Indian employee has the right to live; for it my standard of living and I must preserve it. I cannot suddenly change it. It is a pledge the Government of India gave to the community and I ask the Government of India to honour it. . . .

An Honourable Member: They are not going to do it.

Lieut.-Colonel Sir Henry Gidney: Then, I ask my Honourable friends on the opposite side to do it, for the community is their joint responsibility and they and Government are our joint trustees. My demand is small; it will not cost the Government much money. With these remarks, Sir, I bring my appeal to the Government benches to a close. I am sorry that my Honourable friend the Commerce Member is not satisfied with the legal interpretation of "due regard". . . .

The Honourable Sir Muhammad Zaftrullah Khan: I have not said anything yet.

Lieut.-Colonel Sir Henry Gidney: You have already expressed yourself in such terms—I repeatedly told you the words "due regard" have a mandatory effect, for they ask the Government of India to have due regard to our past associations on Railways. All I ask the Government of India is to take my appeal into careful consideration and do the best they can for a community which has done its best for the Government in India at all times.

Mr. N. M. Joshi (Nominated: Non-Official): Mr. President, although I am following my Honourable friend, Sir Henry Gidney, I do not propose this morning to deal with the question of the scales of pay. I shall deal with the proper question of the Indian Finance Bill and the proposals of the Government of India for the next year's budget. While doing so, I shall incidentally deal with one or two questions which I wanted to raise during the discussion on the cut motions last week. So far as the budget is concerned, I feel that the policy underlying this budget is the same as the policy which underlay its predecessors. The Government of India, in framing their budgets, generally take from those who are least

able to pay in proportion to their ability to pay and give more to those who deserve the least. Finance Members have come and gone. This policy has remained. Under these circumstances, one does not feel much encouragement to speak during these discussions. However, I propose this morning to express my views on these budget proposals.

At the outset, I would like to say a word about the statements which the Honourable the Finance Member has made regarding the recovery of India from the trade depression. Several speakers have pointed out that, judging from various indications, there is no justification for the Honourable the Finance Member to make the statement that India is on the way to economic recovery. I shall not deal with the arguments which my Honourable colleagues have put forward so far. But, Sir, I shall deal with one or two others. In the first place, when Government impose a new taxation, it takes time for that taxation to produce its fullest yield. The taxation was increased in the year 1931, and if the yield of this taxation has been increasing steadily, it is not due to the fact that the economic condition of the country is improving. Then, Sir, during the last few years, the prices of articles have gone down, and naturally, the consumption of the necessities of life must increase to some extent. Moreover, they too do not increase suddenly but they go on increasing gradually. Sir, if the Honourable the Finance Member wants to have a real knowledge of the present economic condition of the people of this country, he should study the level of wages and the level of employment in this country. So far as my knowledge goes, wages in India are still going down. I know a little more intimately about the Bombay city, and I can tell you, Sir, that during the last two years, and even during the last year, the wages have gone down. There is no place in this country so far as I know where the wages are not going down even now. . . .

An Honourable Member: Which wages?

Mr. N. M. Joshi: Wages of industrial workers, nay, even the wages of agricultural workers are still going down.

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Then, as regards the state of employment in this country, if you take the country as a whole, including the agricultural and industrial workers, I feel that unemployment in this country is still increasing. As a proof that unemployment is increasing, I may mention that from Madras a large number of workers go to Malaya and Ceylon. Those who go with the assistance of employers go under certain regulations. The Government of India is finding it difficult now to enforce these regulations, because a large number of workers are going to Malaya and Ceylon without assistance. This fact shows that unemployment in this country is steadily increasing. It is true that under the present conditions, when we do not get proper statistics regarding unemployment figures, regarding wages, the Finance Member may make any statement regarding the economic condition of this country, and I may make any statement too. But, Sir, if we do not have proper statistics in this country, may I ask who is responsible for the lack of those statistics? For several years past, the Government of India have been considering the question of setting up an organization for the collection of statistics.

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In the year 1925, a Committee was appointed under the Chairmanship of Sir M. Vishweshwaraya. That Committee recommended the setting up of an organisation for the collection of statistics. Sir Arthur Salter came here and made a report suggesting the establishment of an Economic Council which was expected to undertake the collection of statistics. Only two years ago, two specialists were brought from England. We spent about a lakh of rupees over them, and they made a report. May I ask, Sir, what has become of these Reports? The Whitley Commission also felt in doing their work great difficulty for lack of statistics. They recommended to the Government of India to undertake legislation for the collection of statistics. May I ask, Sir, what have the Government of India done as regards the collection of statistics? I feel sometimes that the Government of India are unwilling to set up an organisation for the collection of statistics, because, they are afraid that light may be thrown on dark corners, and they are afraid of that light.

Mr. President, besides the statement regarding recovery which the Honourable the Finance Member made, which is not justified by facts, he has also made some other vague and unproved statements regarding the effects of the British connection and the economic condition of the country and regarding the burden of protection on the people of this country. I am not suggesting, Sir, that his statements regarding the burden of protection are entirely untrue, but at the same time I feel that for want of statistics and information, it is difficult to accept the figure given by the Finance Member. I would, therefore, recommend to the Finance Member and to the Government of India to undertake the work of collection of statistics without delay.

I should, now, like to turn to the budget proper. The chief feature of the present budget is the surplus for the past two years and the use which is proposed to be made of that surplus, Sir, the Finance Member last year set apart a crore of rupees for rural development, and he proposes to do the same this year. May I assure the House that I have absolutely no objection for money being spent for rural development; on the other hand, I would like that more money should be spent for rural uplift. But, I feel, Mr. President, that under the present constitution, when the responsibility for rural development and rural uplift is solely placed upon Provincial Governments, it is wrong for the Government of India to distribute doles to the Provincial Governments and thus weaken their sense of responsibility. I know there are many Honourable Members here who are pressing the Finance Member to give more money for rural uplift believing that they are doing good to the rural population by their proposals, but I feel, Sir, that by weakening the sense of responsibility of the Provincial Governments, more harm will be done to the rural population than by these small doles which the Finance Member may make for the benefit of the rural population. If the Government of India wants to undertake proper responsibility for rural uplift and rural development, let them do so, but it is wrong for them to go on giving doles to the Provincial Governments and encourage them to expect doles in future years. May I ask, Sir, whether the Finance Member can say that on account of these doles which he is giving, the Provincial Governments have not been prevented from spending the money which they themselves would have

spent? I have read the Reports regarding the welfare activities which have been undertaken out of the funds given by the Finance Member for village uplift. I am not sure on reading these reports that the schemes which have been undertaken by Local Governments would not have been undertaken by them when there is money, if the Honourable the Finance Member had not made these doles. I feel that if the Honourable the Finance Member had surpluses these surpluses should have been spent on what are known as Central responsibilities. The Government of India are responsible for various activities which, in some cases, can be extended to villages. The Government of India is responsible for the postal and telegraph department. The villagers are crying out for post offices and telegraph offices. Why could not the Government of India spend their money for starting new post offices in villages? I know Rs. 2 lakhs are provided in the postal department budget for the starting of new post offices, but two lakhs of rupees are not enough for spreading a network of post offices and telegraph offices throughout the villages of India. I would have liked the Government of India to spend, out of their surplus, ten lakhs of rupees a year for five years, so that those post offices which could be started today could become self-supporting after five years. But, Sir, the Government of India neglect their own responsibilities. There are several other ways in which the Government of India could have spent the surplus in meeting their Central responsibilities. 6

My Honourable friend, Dr. Rajan, mentioned yesterday, the question of establishing some organisation for investigation into nutrition. The Royal Commission on Indian Labour had made a suggestion that a Nutritional Institute should be established in India. If you study the report, which the Government of India have made on the action taken by them on the recommendations of the Royal Commission on Indian Labour, you will find that they could not give effect to the recommendation for want of money. The establishment of a nutrition institute is a responsibility of the Government of India, and may I ask why the Government of India should not spend money in meeting its own responsibilities? 7

Then, the Royal Commission on Indian Labour had suggested that welfare work should be undertaken in all the major ports for the benefit of Indian seamen. If you again study this report on the action taken on the recommendations of the Royal Commission, you will find that the Government of India state in that report that action could not be taken under the present circumstances. I feel that the Government of India should not neglect their own responsibilities. Moreover, besides establishing post offices in rural areas, all sections of people want the price of the postcard to be reduced. If the Government of India had a fund of Rs. 2 crores in their hands, they could have certainly utilised that fund in reducing the price of postcards. If you reduce the price of the postcard, there may be a loss for the first two or three years, and that loss could be met out of the fund to be created out of the surplus which the Government of India have obtained. 8

The Royal Commission on Indian Labour had also suggested the establishment of an industrial council. When the Commission examined the methods by which the Government of India investigated labour questions and brought forward legislation, the Commission came to the conclusion that the method adopted by the Government of India was a dilatory one. 9

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The Commission, therefore, recommended the establishment of an industrial council. The Commission also felt that not only delay in the passing of legislation would be avoided if an industrial council was established, but, also, that the method of co-operation and conference which would be possible when the industrial council was established, would be of great value for the establishment of industrial peace. The other day, the Honourable Member in charge of the Department of Industries and Labour said that he wanted industrial peace. May I ask him what he has done for the sake of industrial peace in the matter of the establishment of an industrial council? Mr. President, if the Government of India are going to have a surplus, there are various ways in which they can utilise that surplus. In the first place, besides the suggestions which I have made, I would like the Government of India to spend money on various other activities if they expect a surplus in the next year's budget. I am not one of those who believe that, whenever there is a surplus in the Government of India budget, they should immediately undertake reduction of taxation. I feel what India wants today, what the people of India need today, is not so much a reduction of taxation as wise expenditure for the development of the country and for improving the condition of the masses in this country. I would, therefore, suggest to the Government of India that, if they expect a surplus next year, they should undertake programmes for industrial development. The economic condition of this country cannot improve so long as this country depends mainly on agriculture for its maintenance. Industrialisation of the country is as much necessary as the improvement of agriculture, and in that connection, I support the plea which my Honourable friend, Sir H. P. Mody, made yesterday, namely, that the Government of India should do everything for encouraging the industrialisation of this country. I also support his suggestion that the conditions under which protection should be given to industries should be re-examined. The time has come now when we should re-examine whether the policy which we have followed so far does not need any change or improvement. When protection is suggested for an industry, it is generally understood that it is only the interests of the capitalists that should be protected. I feel that, when an industry is to be protected, the interests of all sections of the people that take part in that industry should be protected. If an industry is to be protected, I would suggest that the Government of India should take power to regulate both prices and wages and also other conditions for the welfare of the working classes. It is only by these methods that the interests of working classes will be protected.

Mr. B. Das: Is it done anywhere?

Mr. N. M. Joshi: The Government of India, so far, have taken no steps to see whether an industry is protected that the interests of the working classes are also protected. When an excise duty was imposed upon sugar, the Government of India gave powers to the Local Governments to fix the price of sugar-cane so that the man who owned sugar-cane could get at least a portion of the protection which was given to the industry. But the Government of India did not give powers to the Local Governments to see that the cultivator passed on a portion of the benefit which he got, to the workmen who worked on his fields. I would,

therefore, suggest to the Government of India that those conditions under which protection is to be granted to industries should be re-examined, so that the benefit of that protection will be passed on to all the people who work in those industries. If the Government of India have got a surplus they should spend it not only for the development of the industries in this country but there is an urgent need for the Government of India spending that money for improving the lot of those people who work in those industries. For the last two or three years, I have been urging the Government of India to undertake some scheme for protecting the workers of this country during the periods of sickness. The Royal Commission on Indian Labour has stated in their report that more than anywhere else in India the workers suffer more on account of sickness and they have pointed out that steps must be taken for the protection of the workers not merely from the humanitarian point of view but steps are necessary for the protection of the workers even from an economic point of view. The indebtedness which we see in India amongst industrial workers is due more to unprotected sickness than to other causes. I have been suggesting to the Government of India that they should undertake a scheme for the establishment of health insurance. I am not particular about the nature of the scheme. What I am anxious about is that there should be security and the protection of the workers. Let it be a scheme for granting sick leave to the industrial workers or let it be a scheme for health insurance on the lines on which health insurance has been established in Great Britain but I would like the Government to lose no time in establishing a scheme for the benefit of the working classes of this country. I know the Government of India during the last two or three years have been making some inquiries but I suggest to them, now, that instead of spending time or wasting time in inquiries which may not be necessary, they should immediately appoint a committee which will consider thoroughly a scheme for the establishment of health insurance. Inquiries have been made on this subject. Figures have been collected by the Bombay Labour Office which has published a report on it. I would, therefore suggest, that the Government of India should prepare a scheme for the establishment of health insurance and if necessary appoint a committee for that purpose, so that a proper scheme for the establishment of health insurance could be made and brought into effect without much delay.

I shall not make any more suggestions for the spending of the surpluses which the Honourable the Finance Member may get next year or in the years to come, but, again, I shall repeat that what India needs today is not so much relief from taxation, especially if that relief is to be given to income-tax payers. What India needs is expenditure for the development of industries and for improving the condition of the Indian masses. If the taxation is to be reduced I agree with the Honourable the Finance Member when he stated that in reducing taxation or in attempting to reduce taxation we must show some forethought. We must see what the commitments are during the next few years. When India is on the eve of the establishment of provincial autonomy involving the loss of some crores of revenue, I think it is wrong for the Government of India to think of reducing income-tax at this moment. I would go a step further than the Honourable the Finance Member and tell him that he should not only think of provincial autonomy but he should think of the establishment

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of Federation which might come after two or three years. The Honourable the Finance Member is thinking of reducing income-tax. May I ask him whether the reduction of income-tax may not create some difficulty when the Federation is established. In this Federation, which is likely to come in after a few years, the princes are joining without agreeing to share the burdens of income-tax. Under those circumstances, do you believe that the representatives of British India will ever agree for the increase of income-tax? If the Honourable the Finance Member gives some consideration to the conditions which are likely to arise when the Federation is established he should not have tried to reduce the income-tax. It is a wrong thing to reduce income-tax when he knows that the Federation is likely to come in after three years. If the Honourable Member is anxious to reduce taxation, I feel he has gone the wrong way in selecting the taxes to be reduced. The Honourable the Finance Member said that he proposed to reduce income-tax because there is a pledge given by his predecessor. Last year I told this Assembly that it is the privilege of the Legislature either to impose or reduce taxation. What right has his predecessor to give a pledge? I feel that that pledge was illegal and there is no binding on the present Finance Member to carry out that pledge. In any case, the Legislature is not bound by that pledge. It is the Government which is bound. I would, therefore, suggest to the Legislature that their privilege has been taken away or sought to be taken away by the Finance Member in giving a pledge and they should see that the pledge is not carried out. If the Honourable the Finance Member has to reduce taxation I will suggest to him that he should fix a scheme of priority for the reduction of taxation in such a way that those who are least able to pay any taxation to this Government shall get the first relief. In this country there are vast millions of people who, judging by their ability to pay, must not be taxed at all. There are people whose monthly income does not exceed even Rs. 5. May I ask whether a man who gets only Rs. 5 a month and who cannot maintain himself and his family should be taxed at all. I feel that a very large section of the population of this country must not be taxed at all, considering their ability to pay. I would, therefore, suggest to the Honourable the Finance Member that if he wants to reduce taxation, he should first reduce taxes on the necessities of life, such as salt, kerosene, matches and in that case relief will go at least to that section of the population which deserves relief but I feel that it is wrong at this moment to reduce the income-tax. It has been suggested that if the income-tax is not reduced, the industrial development may be stopped or may be retarded. May I ask, Sir, what is the guarantee that, if income-tax is reduced, the sum saved by that reduced taxation will be spent for industrial development and not for any other purposes? If, Sir, money is required for industrial development, I would suggest to the Honourable the Finance Member that he should keep the present rate of income-tax, collect two crores of rupees and spend it for the industrial development of India—a suggestion which I made to him a little while ago . . .

The Honourable Sir Frank Noyce (Member for Industries and Labour):

1 P.M. May I ask, Sir, in what way the Honourable Member proposes that that should be spent for the industrial development of India? One would like some idea of his programme.

Mr. N. M. Joshi: Well, if the industrial development of India requires money, the Government of India should advance money to the industrialists who do not find money . . .

The Honourable Sir Frank Noyce: What about the Provincial State Aid to Industries Acts?

Mr. N. M. Joshi: Well, those Acts do not produce money.

The Honourable Sir James Grigg (Finance Member): They lose money.

Mr. N. M. Joshi: So far as my knowledge goes, the Provincial Governments spend probably a few hundred or a few thousand rupees. If the Government of India want to support the development of industries in this country, let them retain the present rate of income-tax, get some crores, and thus help the development of industries whenever money is required for the development of industries.

Mr. President, if the Government of India want to consider the claims of the various industries for help in their development, the Government of India should place this matter before the Advisory Committee of the Industrial Research Bureau that has been established, and may I also suggest to the Government of India that the membership of that committee should be extended. Last year, I made a suggestion to the Honourable Member in charge of the Department of Industries and Labour that some labour representative should be appointed on that body. They have not yet done so. May I suggest to him that if he wants some suggestions as to how money should be spent for industrial development, he should put on that committee a few labour representatives (Laughter). Sir, I do not wish to take up the time of this House much more but before I sit down, may I ask the Honourable the Finance Member and the whole Government of India that they should change their policy. It is wrong for them to take money from those people that are least able to pay it.

The Honourable Sir James Grigg: Protection!

Mr. N. M. Joshi: It is wrong for them to give money to those people who deserve the least. I suggest to them that they should pay greater attention to the needs and the conditions of the masses in this country. The masses of this country are, Sir, the backbone of this country and it is wrong to neglect their interests. Sir, if the Government of India will pay more attention to improving the condition of the Indian masses, and where possible, lightening their burden, then they will be doing their duty properly. If they do not, I feel they are doing a great harm to the interests of this country. (Loud Applause.)

Sir Leslie Hudson (Bombay: European): Sir, I do not intend to enter into any of the somewhat academic, though interesting, subjects that have been raised in the House during this general discussion of the Finance Bill.

[Sir Leslie Hudson.]

My Honourable friend, Pandit Govind Ballabh Pant, advocated Socialism through the State regulation of the commercial and industrial activities of the country, but he was careful not to call it Socialism though that is what we understand by the term "State control".

Then, my Honourable friend, Sir Honi Mody, in his usual, forceful and humorous manner, advocated a new Fiscal Commission, stronger protective measures, and an acceleration of the pace of industrialisation in India. All these are very wide questions and they require the most careful investigation but I did notice, with much pleasure, his suggestion for a more efficient tariff examination machinery, which suggestion, in fact, we ourselves made a couple of years ago, and in that matter he certainly has our very strong support. My main object in speaking on this Bill today is to renew the criticisms which were made on the Budget last week on behalf of the European Group by myself and my Honourable friend, Mr. James, on the ground of the failure of the Honourable the Finance Member to remove the surcharges imposed as an emergency measure in 1931, particularly, the surcharges on income-tax and super-tax. We had hoped to obtain from the Honourable the Finance Member a reply to our views, which, if it did not altogether satisfy us and our constituents, would at least contain the assurance that Government had given full consideration to our views; and, I must say, we were considerably disappointed with the reply which he gave to us at the end of the debate on last Thursday. Sir, the first part of his speech was devoted to what had been said by the spokesman of the Congress Party,—who did not support, but opposed the motion,—and the second part, mainly to the speech of the Honourable the Baronet from Bombay,—who had indeed supported the motion, but had supported it on grounds which differed considerably from those put forward by me, and for whose arguments I was in no way responsible. Only at the very end of his speech, when it was approaching 5 o'clock, did the Honourable the Finance Member address himself to the actual motion and then he contented himself with the briefest possible rejection of it, without, in fact, any serious attempt to reply to the grounds on which it had been brought forward. Sir, I would put it to the Honourable the Finance Member that our criticisms, even if the number of those who went into the Lobby in support of them may have been small, did represent the views of Chambers of Commerce and kindred Associations, both British and Indian, all over India, and that these Associations comprise an important element in the economic life of the country; and, if I may say so, whatever our shortcomings may be, the European Group have always endeavoured to maintain a reasonable standard of debate and not to waste the time of the House on unnecessary speeches and questions, and to put forward our views only after careful reflection. We were perfectly well aware, when we proposed this motion, that there was little chance of its being carried. The Income-tax payer in this country is not well organised and he is certainly not over-represented in this House. Our reasons may not have been sufficient to convince Government, but, if they were stated moderately, as I maintain they were, and if they contained an arguable thesis, as I submit they did, they were entitled to a more reasoned answer. In connection with my reference to the representative character of our views, I would refer the Honourable the Finance Member to the Resolution passed on this subject last December by the Associated Chambers of Commerce at their annual meeting, a copy of

which will be in the hands of the Government of India, and which shows very clearly the strong feeling held in the various constituent Chambers. The Representative of the Chamber which moved the Resolution said:

"It is, I think, quite clear from the Report of the Federal Finance Committee and of the Joint Parliamentary Committee, that those to whom the framing of the Government of India Act, was entrusted intended that the method of raising revenue by means of a surcharge on existing taxation should be exercisable only in times of serious financial stress and the wisdom of having such emergency taxation in reserve and not in operation at the time of the inauguration of the new Constitution is patent for all to see."

Representatives of other Chambers of Commerce supported this view, and, in particular, the Member from the Burma Chamber of Commerce pointed out that the arguments applied with even greater effect to Burma, which is faced with separation and will have to build up her own credit in the financial markets of the world. To do this some reserve powers of taxation will be essential, and these reserve powers she will not possess until the existing emergency surcharges are removed.

Now, Sir, I do not wish to repeat again at length the arguments I brought forward last week, and I will endeavour to be as brief as possible on the points on which we consider that we are entitled to a fuller answer than we have yet received. The Honourable the Finance Member said that by our own showing all the extra taxation imposed in 1931 was emergency taxation and that to remove it all would entail the sacrifice of the impossible sum of about ten crores of rupees. Nobody ever suggested that this could or should be done. On the other hand the Honourable the Finance Member himself appeared to admit that the surcharge on income-tax and super-tax is in a different category from the other increases of taxation imposed in that black year inasmuch as it is the subject of most explicit pledges, *pace* Mr. Joshi, I quoted the pledge of Sir George Schuster that the first things to be removed were the cut in pay of Government servants and the surcharges on income-tax and super-tax. Obviously, the explicitness of the pledge in this case places it in a different category from the undertaking implicit in the statement made at the time as to the emergent character of the general surcharges. Sir James Grigg alluded to currency difficulties and to war clouds in Europe and Asia as showing that an emergency still exists, but can it seriously be contended that the emergency today when the Budget shows an actual surplus of five crores last year and an estimated surplus of nearly $2\frac{1}{2}$ crores this year, can, in any way, be compared with the emergency in 1931 when Sir George Schuster was confronted with a deficit of $13\frac{1}{2}$ crores in the year which was just ending and an anticipated deficit of 18 crores in the following year.

I would like to mention one aspect of the question which I do not think has yet been referred to in this House. I have already stressed the effect of high taxation on trade and commerce, but there is also the burden on the middle and professional classes, Indian as well as European. In the ordinary Budget in March, 1931, the general rates of tax were largely increased, and six months later 25 per cent. was added to the increased rates. I regret having to trouble the House with figures, but I must ask them to listen to a few.

Up to March, 1931, incomes between Rs. 5,000 and Rs. 10,000 a year paid six pies in the rupee; in April, this was raised to nine pies, an increase of 50 per cent.; in October, the nine pies was raised to $11\frac{1}{4}$ pies, an increase on the previous year's rate of $87\frac{1}{2}$ per cent.

[Sir Leslie Hudson.]

In March, 1931, incomes between Rs. 10,000 and Rs. 15,000 a year paid nine pies in the rupee; in April, this was raised to one anna and in October, to one anna three pies, an increase of 66 per cent.

In March, 1931, incomes between Rs. 15,000 and Rs. 20,000 a year paid ten pies in the rupee; in April, this was raised to one anna four pies and in October, to one anna eight pies, an increase of 100 per cent.

When my Honourable friend, Mr. James, alluded the other day to the burden of taxation upon the middle and professional classes, I do not think he was exaggerating their plight. Surely they have a claim to relief as soon as possible. Sir George Schuster, at any rate, had no doubts on this point. When he proposed the first increases in March, 1931, not the surcharges six months later, but the increase in the general rate, he said:

"I wish to make it clear that we regard these very specially as measures designed to meet the present emergency, but not necessarily permanently required" (*and, again, a few days later*). "I have great hopes that it will not be necessary to maintain income tax at this level".

and he spoke of it as 'a temporary imposition'.

Sir, we recognise frankly the difficulties with which the Honourable the Finance Member is faced, but we do feel that though he has stated that the pledges given by his predecessor 'still stand', he has given no promise to carry them out at the earliest possible moment.

Last year, in his final speech on the subject, the Honourable Sir James Grigg said: "the European Group have been exhorting me in the House and in the Press to write up my revenue estimates, because they think there is more money there than I do". Well, Sir, the European Group were right to the tune of nearly 2½ crores. Whether they are right again, this year, remains to be seen, but experience in the last and previous year does entitle us to ask for an assurance that any unallocated surplus in the years 1935-36 and 1936-37 shall be utilised towards the final extinction of surcharges on income-tax and super-tax.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

The Honourable Sir Muhammad Zafrullah Khan: [Sir, I intervene for a very few minutes to offer some observations on one of two of the matters raised by Sir Henry Gidney this morning in the course of his speech. I shall make no attempt to take up some of the general questions that he has raised, as they had more particular relevance to the discussion of the railway budget. But there is one question which he attempted to raise this morning which involves certain aspects of policy. With regard to that I will not try to lay down any policy but I do want to make one or two observations on some aspects of it. He said that generally the railways were not offering a living wage to some classes of employees, and that,

as a consequence, members of his community, whose standard of living was higher than the standard of living of those classes of Indians who are employed in those cadres, were being practically shut out from the subordinate railway services. And he generally complained that in recent years there had not been much sympathy with his particular community in recruitment to the railway services.

Now, Sir, so far as the general position of the Anglo-Indian community in the railways is concerned, the position, as I am sure the House is well aware by this time, is, that a certain percentage has been reserved for members of that community in those cadres to which direct recruitment takes place. And, in fixing that percentage, which I am sure even Sir Henry Gidney would recognise as a generous percentage, directions have been given that due regard is to be paid to those cadres to which Anglo-Indians in the past have generally been recruited. And in this connection, in the supplementary and explanatory instructions issued by the Railway Board, it has been explained that:

"So far as the Railway Board are at present aware, Anglo-Indians are mainly employed in the Mechanical Engineering, Civil Engineering, Transportation Traffic and Commercial and Transportation Power Departments and the Mechanical Workshops of Railways. It is understood that the principal initial posts to which they are appointed in these departments are those of Firemen, Ticket Collectors, Guards and Apprentices in the various trades. Before Railway administrations can frame final orders regarding Anglo-Indians, it will be necessary to know if there are any other departments or categories in which a specific reservation should be made for Anglo-Indians, having regard to the conditions obtaining on each Railway."

Now, the accommodation that is being offered to this particular community, with regard to this matter, is that there is an over-all percentage reserved for them, that is to say, eight per cent. And, in making up that percentage, regard is being had to the cadres and the particular departments in which, in the past, members of this community have been accustomed to serve, because they have a certain preference for certain departments or callings, and not for others. I am told they are for some reasons reluctant to go in large numbers into the purely clerical departments and they prefer departments the names of which I have read out. And, I am sure, Sir Henry Gidney knows that in that direction their claims are being sympathetically considered; that is to say, that if a sufficient number of them are not forthcoming for the clerical posts their percentage is being made up in these particular departments in which they have been accustomed to serve previously. But, when he takes up the further question that, for the same or similar posts, members of his community should be given a different scale of pay from members of other communities, difficulties begin to arise. He started by saying,—and I was very glad to hear him say so,—that he did not claim anything different from the principle of equal service, equal pay. But I am afraid he wound up by saying that for equal service there should be different scales of pay for members of different communities. Well, now, I think he will find it rather difficult to justify his claim on the ground that because a certain class or community has been accustomed to a certain kind of food, they should be given pay on a different scale from people who have been accustomed to a different kind of food. I am afraid it will be difficult to justify a claim of that description. But then his difficulty remains. He says, "What am I to do? You have fixed scales of pay for entry into the lowest ranks of the subordinate services in which my people cannot possibly serve. You have stopped entry into the intermediate grades, and

[Sir Muhammad Zafrullah Khan.]

the practical effect is that whatever the reservation may be and however generous the percentage may be, the practical effect is that in future my people will not be able to find any entrance into those services at all." Well, to some extent that is the difficulty. So far I am bound to say that we have not found in practice that we have not been able to get a sufficient number of Anglo-Indians to come in on these scales of pay. But it is possible that to a certain extent in future that difficulty might be felt. I am willing to recognise it, but I am afraid section 242, sub-section (2) of the Government of India Act, 1935, does not indicate the kind of remedy that Sir Henry Gidney has in mind. Now, I might state at once that though the obligation laid down in that sub-section is an obligation upon the future federal railway authority and upon the Governor General, that obligation is being fully recognised in general terms even now. After all, it is a mere axiomatic statement that being part of a Statute it will be binding upon the Government; nobody can have, and nobody should have, any desire to evade the obligation which is laid upon the federal railway authority and upon the Governor General by that sub-section. That is a general statement to which nobody can take any objection. But when he comes to interpret that section in a particular way, I am afraid, on behalf of Government, I could not accept that interpretation. And let me say this at once that there really is no occasion to interpret that sub-section at the present moment at all. Though, as I have said, Government are even at the present day recognising the difficulty,—and I have indicated how they are trying to meet it,—and they are working in the spirit of that sub-section already, it is not for them to construe that sub-section for the benefit of the future federal railway authority, and to say here and now what they shall do in order to give effect to the obligation which has been laid upon them. It will be for the then Government and the future federal railway authority when it is set up, to interpret it and to see what the correct interpretation of it is. But if I might venture to give my purely personal opinion on the matter,—and I have had a discussion over this matter with Sir Henry Gidney after he had made his speech this morning,—the interpretation that he seeks to place upon the section is not the interpretation of which the section is susceptible. The section says:

"In framing rules for the regulation of recruitment to superior railway posts, the Federal Railway Authority shall consult the Federal Public Service Commission, and in recruitment to such posts",

—that is to say, superior railway posts,—

"and in recruitment generally for railway purposes shall have due regard to".

—and, then, a certain number of matters are mentioned—

"The past association of the Anglo-Indian community with Railway Services in India, and particularly to the specific class, character, and numerical percentages of the posts hitherto held by members of that community and the remuneration attaching to such posts . . ."

That is to say, when making appointments and fixing percentages and so on, the Federal Railway Authority shall have regard to these matters, i.e., what has been the percentage in which Anglo-Indians have been serving in certain cadres and in certain classes, and what is the pay of these posts. That is, in deciding and fixing these percentages, they might

consider what is the pay of these posts, not that they can play about with the remuneration for such posts and say 'for them the pay shall be a certain amount and for others the pay shall be a different one'. That brings me to another matter which certainly does require looking into, and it is this: that in the past, Anglo-Indians and Domiciled Europeans were recruited to certain intermediate grades direct. There was also direct recruitment of other communities. Since then, the principle of no discrimination has been accepted, and I do not think that it is Sir Henry Gidney's prayer that Government should go back upon that principle. But, in addition to the acceptance of that principle, railways have for certain reasons recently adopted the principle generally with one or two slight exceptions—which are being investigated—that recruitment to the subordinate services shall be to the lowest grades. That is where the difficulty has arisen. The door to direct recruitment in intermediate grades has been shut almost completely; so that certain people in all communities who could have started higher and who would not be willing to start at the bottom, now find only this alternative, that unless they are willing to start at the bottom, they do not come in at all. I cannot, on behalf of Government, announce any decision on the matter, I do recognise that some hardship is being caused as the result of the acceptance of that policy, and I am quite willing to examine the question from that point of view, subject to this important proviso, that whatever decision is arrived at, it will be a decision which must apply to all communities and not only to the Anglo-Indian community or to any other minority community, because a certain number of those particular communities must be recruited to those intermediate grades. That is to say, I must make it clear that if, upon a re-examination of the question, it is found that to certain intermediate posts direct recruitment may be made; then that direct recruitment will be made on exactly the same principles on which recruitment is made to the lowest grades. Take the instance of the Anglo-Indian community: they will be able to claim only the percentage reserved for them out of that direct recruitment, and I do not think Government would find it possible to give them a higher percentage into that direct recruitment or to specify certain posts to which Anglo-Indians only or any other class only could be recruited. That, I think, if it is found possible—and I am not at all saying that it might be found possible, all I say is that the question will be examined—might afford some little relief at that grade. I think—again without committing Government to it—that it is very probable that that is the meaning of the Federal Authority being asked to pay due regard to the remuneration of the posts to which recruitment is being made and for which percentages are being reserved. I am afraid I cannot accept the principle that any possible interpretation could lay the obligation on the Federal Railway Authority or upon the Government or upon the Governor General to lay down that for the same posts, whether at the initial stage or at subsequent stages, there should be different salaries fixed for different communities or classes. Now, that being so, I am sure that Sir Henry Gidney will recognise that there is no desire on the part of Government to evade any of the obligations which are set forth in sub-section (2), section 242, of the Government of India Act. As a matter of fact, Government, even now, are generally giving effect to the spirit of that sub-section. I have no doubt that the future Federal Railway Authority will give effect to the spirit of that sub-section. There was no dispute between the Honourable Member and myself with regard to the interpretation of the expression "shall have due regard to". It does not matter to me.

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whether it is treated as mandatory or directory. The Federal Railway Authority must have due regard to those matters. It will then be a question of interpretation as to what the subsequent phrases and clauses mean, and I have no doubt that once they have arrived at the correct interpretation, they will have due regard to it. I am afraid I caused a certain amount of irritation to the Honourable Member when I asked him to tell us in plain language as to what exactly he thought that Government should do in order to carry out the obligation imposed on them by the sub-section, and he went on trying to explain what the expression "due regard to" might mean. I was not asking for an interpretation of that expression at all. What I was asking for was what the Honourable Member conceived was the meaning of the whole sub-section, that is to say, what should be done. I think I have made the position clear that although the question is under examination even with regard to the initial scales of pay—as I said in answer to a question the other day—it would be extremely difficult to justify the position that any discrimination should be made, though it is possible to examine some aspects of the question, as I have indicated with regard to all communities which might afford some slight relief in the matter of intermediate recruitment.

Mr. Satya Narayan Sinha (Darbhanga *cum* Saran: Non-Muham-madan): Sir, let me thank you for allowing me, at last, to take part in the discussion of the Finance Bill. At the outset, I have to do a formal thing. You must be remembering, Sir, that last year, the Honourable the Finance Member, while replying to the debate over the Finance Bill, had conferred the title of "Sir Oracle" on our distinguished Leader, Mr. Bhulabhai Desai, and I think I shall be failing in my duty if I do not reciprocate this year. Sir, I, therefore, confer on him the title of "Archbishop of Billingsgate". I hope and trust that the whole House will agree with me that he richly deserves the title.

Coming to the real subject, let me tell you frankly that I feel very much the unreality of the discussion and the mockery of the debates in this House. What happens here every year? Even in respect of items that are votable, the votes of the House, passed by large majorities, have been set at naught by the Governor General in Council, at the request, of course, of the Finance Member who produces the budget every year after great labour and pain. (Laughter.) They call this procedure, in constitutional language, Restoration, Certification or Veto. But what do all these humbugs mean? They are civil garments, in the words of a statesman, for despotic acts based on brute force. They are a thin veneer of constitutional respectability for what is downright and indecent autocracy. Once Mr. C. S. Ranga Iyer, who, I am sorry, is a changed man now, said in this House that taxation without representation is robbery and taxation through certification is dacoity. Behind the restoration and certification, Sir, is the power of coercion, the power of the bayonet and the power of bombing innocent people or what else they depend upon: and that, after having emasculated the whole population of 350 million people of this country by the disgraceful method which is well-known to every student of history.

But, knowing all this as I do, you will ask me why I have stood up to speak a few words today. I give you the reason, Sir. Those who have not come to this House, I mean a very large number of our constituents do not realise fully the futility of our talks here, and let me assure you, Sir, that but for satisfying them I would not have broken through my silence, which is golden everywhere and much more so in this House. However, Sir, I shall not take much of the time of the House over this Bill on which one can talk everything under the sun. I shall confine myself only to two or three items.

First, I would like to say a few words in connection with the remark made by the cousin of Miss Mayo—I mean the author of "India in 1933-34", regarding the earthquake. My esteemed friend, Mr. Anugrah Narayan Singh, has categorically replied to all the charges, and so I have not much to say. But I would not let the remark of the Honourable the Home Member regarding the lack of our co-operation with the officials go unchallenged. Sir, I was in charge of one of the major districts of the earthquake affected area, on behalf of the Bihar Central Relief Committee, and I tell you, Sir, that according to the wish of our revered leader, Mahatma Gandhi, I offered my respectful co-operation throughout the relief operations in my district, which I hope the Honourable Member who represents the Bihar Government in this House will bear me out. He was in my district for about six months during the period. But I admit that our co-operation was more or less one-sided. It is for us to complain that the Government did not co-operate with us with the same zeal and earnestness with which we co-operated with them. But, look here, instead of our making any complaint of it, *they* have the temerity to make a grievance of our lack of co-operation. I know it is all due to the superiority complex which they are suffering from. But I realise why they could not appreciate our co-operation. Sir, I make bold to say that when occasion demands, in the interest of the public we offer sincere and genuine co-operation to the Government but they are accustomed and familiar with the co-operation of frenzied flunkys who always dance to their tune whether they are right or wrong. We see samples of that co-operation more often in this House also. They like the co-operation, if it can be called co-operation at all, of those people who, even if they say during the day that it is night, will in a chorus proclaim that the moon is shining bright and splendid in the sky! Certainly, Sir, that kind of co-operation they cannot expect from this side.

In the said report, it is mentioned that one time the funds were causing embarrassment to us. I admit it, not because we did not know how to spend the money, but because the amount at our disposal was very small considering the programme we had in view of giving adequate relief to the millions of the sufferers. But, Sir, it is also true that no such embarrassment was on the other side. Why should they have? Because they never gave any thought as to how best to spend the fund. I would give only one illustration, out of many which I cannot quote here for want of time. Sir, you are perhaps not aware how several lakhs of the Viceroy's fund were spent over building the temporary colonies, in spite of the strongest opposition and protest from the public of all shades of opinion. In Muzaffarpur alone, they spent about seven lakhs over Damuchak colony, where 95 per cent. of the huts were not occupied even by dogs and jackals: and what happened? They had to demolish the whole thing after a year. This was more or less repeated in

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each of the earthquake affected districts. If any non-official organisations had committed such a mistake, God alone knows how much row they would have kicked up. I would, therefore, tell the Home Member not to see the mote in others' eyes and ignore the beam in their own.

As regards the water supply business, we have sunk about four thousand new wells and when the Government saw that it was a very popular programme, they also began copying us and with what result? I would ask the Home Member to come with me and I would show him that while all our wells are existing in good condition, the wells sunk by them disappeared before the next rains were over. Similarly they wasted, in spite of our protest, a large amount of the Mayor's Fund in setting up tube wells, which ceased working a fortnight after they were set up! You can still go and see them lying on the road sides in the districts useless. This is their boasted efficiency. I would advise the Home Member not to throw stones at others when they themselves live in glass houses.

The other insinuation against the Congress is that it rehabilitated its position. It is true, Sir; but the Government should not envy it. If you do honest service to the people, you are bound to raise yourself in their estimation and if the Congress is so powerful an organisation today, it is because of such selfless services which its leaders and workers have rendered to the masses. The Government also want to rehabilitate their own position but they fail. I would respectfully ask them to deserve before they desire.

Sir, the second charge of the Home Member was that the Committee turned down Mahatma Gandhi's and Babu Rajendra Prasad's proposals. But Babu Rajendra Prasad has, in his forceful and illuminating statement, given the lie direct to it. I think, the Home Member should have the decency now to own the mis-statement he had made. But I know he will not do that. I was not surprised when the Home Member took full and entire responsibility for facts and opinions contained in the propagandist document, because, Sir, the author and he belong to the same fraternity, and blood is thicker than water. Before I conclude this subject, I cannot resist the temptation of quoting a comment of a newspaper, on the Home Member's speech in defence of "India in 1933-34". The paper says:

"We had the singular spectacle of the Home Member of the Government of India getting up in his seat in the Assembly and perpetrating half truths which would put the more irresponsible tub-thumpers to shame. It seems to us that, in his anxiety to throw mud, the worthy Sir Henry Craik allowed the sense of dignity of his position to vanish through the window."

I now come to another subject, the surcharge levied on sugar. Last year, I remember, more than one Member urged upon the Government the necessity of spending a considerable amount out of the surcharge on sugar over the improvement and research of the sugarcane crop. Sir, the sugar industry is the second biggest industry of India. I think there are about 40 million people who are directly or indirectly interested in this industry. But, if the industry is to prosper, it must be able to obtain an abundant supply of superior qualities of cane. Both in quality and quantity, the yield per acre of the Indian crop is far inferior to the crops in other sugar producing countries. I was reading in a pamphlet that the

yield of cane per acre in Java is above 40 tons, but in India it is only 15 tons. When the excise duty was levied on sugar, the Government had promised to set aside one anna in the rupee from the amount realised as excise duty for research and improvement in cane cultivation. But that is quite inadequate. Even the Sugar Committee of the Imperial Council of Agricultural Research at their last meeting in Simla, in July, 1935, recommended the setting aside of at least two annas per rupee out of the proceeds of the excise duty. When especially there is a surplus budget this year, why should the Government grudge spending enough money for the improvement of the industry by establishing model farms, by propaganda, by demonstration, by making provision for irrigation and by educating the cultivator in better methods of production by supply of suitable fertilisers and so on and so forth?

The last but not the least subject which I am going to touch, Sir, is the management of the income-tax department in the province of Bihar. I hope the Honourable Member in charge of the department and Mr. Lloyd must be aware of the feelings of resentment in the province against the present Income-tax Commissioner. I would only put it mildly that there is something wrong in the state of Denmark. I do not want to discuss many unpleasant things against the gentleman in this House, but shall leave it to Mr. Lloyd to make private inquiries and satisfy himself as to how far the grievances of the people against the gentleman are justified. In the end, I would like to make a request to Mr. Lloyd to see that no fresh extension be given to the gentleman whose term of office, I am told, is going to terminate in July next.

Before I sit down, Sir, I would make an appeal to the Honourable Members who form the Government to give effect to the criticisms that are made by the Members of this House and not behave like the Pandit's wife in the well-known story, who had made a point in her life to go always against what her husband desired and ultimately drowned herself as the result of that obstinacy.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, when I read the budget speech of the Honourable the Finance Member, and I reached the sentence where he says:

"I am afraid that this statement might prove to be dull and this, I suppose, is inevitable seeing that the budget speech must proceed on a set plan: but if you find it dull, please remember that I shall find it much more so, if for no other reason than that it is so much more familiar to me than to you",

I was surprised. Knowing the mentality of the Finance Members generally, I thought the reason given by him was perhaps not
 3 P.M. only so simple; but the reason is somewhat deeper than what he expressed in the House. Sir, to me the budget speech did not only appear to be dull, but it appeared to be also insipid and dry and without any benefit to the country whose salt the Finance Member is eating today in this country. The speech is dull and insipid because no subject of any real interest to the country is discussed in the whole of the budget speech of the Finance Member. In former days we used to have discussions on questions like the export of gold, which is a very important question affecting India; we also used to discuss questions relating to ratio, which too is equally important to this country; in fact the entire tone of the budget speeches and discussions was very high formerly but today, what

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do we find? The budget speech, as I have already said, can only be described as dull and insipid and in no way inspiring and instructive. There is also no continuity of policy in this budget. In 1934-35, the Finance Member laid his hands on salt, on matches and kerosene, and things which the poor people of this country consume in large quantities. Now, what does he do this year? He says nothing about any of these items, he allows all those duties to remain to the great detriment of the country. Therefore, I say, there is nothing constructive in the budget, there is nothing that could be of real interest to the people of the country. This budget can well be called a political budget. It is like the new Constitution that is being thrust upon India, and no party in India is satisfied with that. In the same way, nobody in this House is satisfied with the budget proposals this year. He could have learnt a lesson from the decrease of our income from salt in 1934-35, but evidently he did not take that into account in preparing our budget this year from past experience. We are just on the side of loss, and nothing more. Sir, if we had learnt a lesson from the shortness of our income, then, I am sure, the orthodox policy of no protection now, of the Finance Member, would not have appealed to him, rather it would have proved to be to the great detriment of the country.

Again, Sir, you will find in this budget that there is an item of income from currency notes, and the reason for it is attributed to the losses on account of unclaimed currency notes. This loss of currency is due, either in my opinion, to the ignorance of the people or it may be due to the loss which people entail by losing currency notes. If small notes were not kept in circulation or some arrangement was in existence in market the loss would not have been so much. These are not matters of which the Government may feel proud, but I am bound to say that if the poor people of the country suffer because of their losses in these small notes or in currency, I submit it is not to the credit of the Government because it is really a loss to the poor people.

Sir, we find that there is some surplus this year. Last year also it was said there was some surplus, and out of that surplus Government was kind enough to give something for the relief of the cultivators. Out of the 281 lakhs, what did the Government give? Only 178½ lakhs were given to the provinces, and 107½ lakhs were kept by the Government, but the total came to 281 lakhs. Now, Sir, what did the Provincial Governments do with the sum which was given by the Finance Member and of which he was very proud? I find that the provinces have got some programme by which they might perhaps do some good to certain classes of people, but I have never found a single scheme in any province, which would be of real benefit to the poor people, to the poor ryots or peasants. You have also now granted money for broadcasting or for provincial autonomy from 107½ lakhs. I do not say that these things are not necessary, but I am bound to say that broadcasting is not going to give any real benefit to the poor cultivator of this country, though the Government thinks it would give them some benefit. It may be for the purpose of carrying on Government propaganda that you would like to introduce broadcasting into the villages, but the poor cultivator in the villages does not need this kind of help from the Government. Why does he want this costly luxury? He has enough of his own village pleasures and village enjoyments, and so he does not need this additional luxury which he also cannot appreciate. Sir, the real fact is

that out of this sum which is granted for rural uplift, a few officers will be appointed from among the favourites of some officials, those who are hot favourites of some of the higher officers in districts will be given some posts in the villages out of this money. Now, if these people go to the villages, what will they do? What can they do being outsiders? Again, Sir, what do we find in the villages today? The sanitary condition of these villages is far from satisfactory, there is complete waterlogging everywhere especially during the rains. There is, of course, the Canal Department, but what are they doing? They merely go to collect the tax from the tenants. The people in charge of the Canal Department have nothing to do during the rains, they do not care to look into the hygienic and sanitary condition of the villages. Now, let us see what more the Provincial Governments are going to do with this sum? They are going to spend this money for opening windows in the houses of poor people, but how will the cultivator benefit by opening new windows for fresh air when he cannot protect even one door that he has in his house from robbers and dacoits or thieves? I am afraid, Sir, this money will be frittered away without any real benefit to the poor cultivators. We all know how poor India is. The poor people are not able to sustain themselves, it is very difficult for them to get even two square meals in a day. So how is this money which is granted to Provincial Governments going to benefit the poor cultivator, how is it going to relieve his present condition? It may be said that there are Co-operative Credit Societies; that this money may be distributed among these societies to be given to the poor cultivators, but we all know how *Takavi* money has been given to these poor people. At the same time we also know what the condition of these Co-operative Societies is, ever since it has become a provincial subject. Money was freely advanced as loans, but these poor people could not repay the advances they took from these societies. Their indebtedness is increasing every day. Even they are not able to pay their rents to their landlords. It is the condition not only of the peasants but it is the condition of the landlords as well in payment of revenue and the indebtedness of the small landlord too is really pitiable. Acts have been passed to relieve the landlords and landholders, but it is very difficult for the landlord or the landholder to pay up his revenue to the Government as he cannot properly realise the rents from his own tenants. This grant will not, in any way, relieve either the landlord or the cultivator. It may be said that there are agricultural farms for demonstration. I realise that and I believe they are doing some good to the country, but what are they doing for the peasant? If any of these officers of the agricultural department were to go to a single village and take up village reconstruction work, then he would know. Or if he would put himself in the position of the tenant, he would then be able to find out how the tenant supports his own family and how far he can be able to pay the rent, and generally the condition of the peasant and the tenant. It is not merely by means of demonstration of tractors or ploughs that he can improve the condition of the tenantry, but it is only by placing himself in the position of the poor peasant that he can know why he is or is not able to pay his rent to the landlord and the landlord is or is not able to pay his revenue to the Government and how they are able to make both ends meet—then only will he be able to do something. This grant that you have made will not, in my opinion, relieve the poor condition of the peasantry, but you will simply plant on their heads some of these officials who will just go and dump themselves on the tenant as other officials. My point is this. Unless the Provincial Governments make it a business to consult public

[Mr. Muhammad Azhar Ali.]

bodies and especially the landlords of the place,—then only and not until then can they improve the condition of the poor peasantry and the tenant. I have heard in this House that professional men also have suffered because of agricultural distress. It is no secret that even lawyers and doctors are at present suffering from shortness of income. It may be said that the tax on income has been reduced. I grant it and I admit that the Government has done something, but it has done this to benefit its own servants rather than the public generally. The reduction in the surcharge may be of some good to great industrialists, but it will not benefit the generality of the public in India. Other countries like America and Russia make every kind of arrangement for the relief of their poor peasantry, but my own Government appears to be puny in its efforts in India, and after a century it has given a little grant for the relief of the poor and for the uplift of the villages.

The United States of America have started a sort of Agricultural Adjustment Administration, which they call A. A. A. and which looks after all the comforts of the villagers. They look to the payments of their rents, they raise the value of the commodities. They look after the hygienic condition of the people, etc., etc. I do not find anything here compared to those things which those countries do for relieving their poor people. It may be said that here we have got agricultural associations. Certainly we have and I do not in any way minimise their efforts for the relief of some people, but I may say that while you spend lakhs and lakhs of rupees I do not find a single scheme of yours that will go down further to the poor tenant, or, as some Honourable friends put it, to the masses in the country. The real point, that is to be studied in India, is the condition of the cultivators. From a long time Government have been realising revenues and rents, and I should say about 50 to 60 crores of rupees are collected from the cultivators every year throughout the length and breadth of India. What is this dribble now, compared to that, which has been given by the Honourable the Finance Member for the relief of the poor cultivator? By building high tariff walls, you can help the cultivator, you can help the glass and other industries in India, which, I find, the Government are not doing, and thus not relieving the poor people and the masses of the country, but giving relief to the higher classes and those who are more vocal than the poor cultivator or the masses. With these words, I resume my seat.

Mr. K. Sanjiva Row (Government of India: Nominated Official): Sir, I shall first deal with two technical points raised by my Honourable friend, Pandit Govind Ballabh Pant. The first point he raised was whether it would not be possible to introduce a system of pre-audit for all transactions of the Government . . .

An Honourable Member: A little louder, please.

Mr. K. Sanjiva Row: The first point which he raised was whether it would not be possible for Government to introduce a system of pre-audit in respect of their disbursements. I may inform the House that, apart from various practical difficulties involved, the main question is one of finance. To introduce pre-audit in respect of all disbursements would cost not less than Rs. 50 to Rs. 60 lakhs. I may also mention that, prior to

1932-33, as a part of the experiment of separation of accounts and audit, a scheme of pre-audit was introduced in some of the departments of the Government of India, but it had to be abandoned as a measure of retrenchment.

The next point, which my Honourable friend raised, was whether we could not think of "something like the Public Works Department Reserve Fund, to which all the sums which were not genuinely required before the close of the year should be transferred for the time being, instead of being precipitately misused simply because the year was about to close". Sir, the question of the rush of expenditure in March and of withdrawal of funds to avoid the lapse of budget grant is one which has been engaging the attention of audit and financial authorities for a very long time. It arises mostly in the Public Works Department, and there there is a definite rule as regards the rush of expenditure, which runs as follows:

"It should be clearly understood that it is contrary to the interests of the State to spend money hastily, and in an ill-considered manner, mainly because it is available. It is far more in the public interest to surrender funds, that cannot be profitably utilised, so that they may be diverted to other objects which would otherwise have to be held in abeyance for want of money. Failure to spend the total allotments made to executive officers will not, in ordinary circumstances, operate against them in any way. They should, therefore, freely surrender all money that cannot be expended economically. Serious notice will be taken of any officer who acts in disregard of these orders."

There is also a definite provision in the rules for the re-allocation of grants which lapsed in the previous year. The specific rule on the subject runs as follows:

"Expenditure likely to lapse should, as far as possible, be provided for in the Schedule of Demands for the ensuing year."

"In cases where this cannot be done applications for the regrant of lapsed expenditure that can be economically utilised in the new financial year should be made and submitted to the Public Works Branch as soon as possible after the 15th May of each year. These applications will as a rule be met in full."

I may mention here that as a result of the constant watch of the audit authorities on this matter, the position has considerably improved. Withdrawal of funds by the disbursing officers, merely to avoid the lapse of a budget grant, is considered as a very serious irregularity and is included by the audit authorities in their appropriation accounts and is examined by the Public Accounts Committee and those Members of the House who have worked on Public Accounts Committees know that such irregularities have become very rare nowadays.

The next point which I propose to deal with is the growth of expenditure. Several Members of the House protested against what they called the growth of expenditure at a time when emergency taxation was still on. The figures of the expenditure of the Central Government have been analysed in columns 5 to 8 of Table I of the Financial Secretary's memorandum supplied to Honourable Members. Column 5 gives the figures for interest on debt, column 6 for reduction or avoidance of debt and column 7 for defence expenditure. These three items have been fully dealt with in the budget speech of the Honourable the Finance Member. So I shall confine myself to the figures given in Column 8 which gives other expenditure charged to revenue, excluding the cost of collection of tax revenue.

[Mr. K. Sanjiva Row.]

and I shall take as the basis the figure for 1932-33 which is the first year after retrenchment. The expenditure in 1932-33 was 16 crores, 10 lakhs. The figures for 1933-34, 1934-35, 1935-36 and 1936-37 are as follows: 18,72; 22,80; 22,08 and 21,74. These figures seem to show that there has been an increase in the expenditure of several crores but, before we can compare them we must reduce them to a comparable basis. For example, the figures for 1933-34, 1934-35 and 1935-36 and 1936-37 include certain special items such as half the jute export duty given to the jute producing provinces, the rural development fund, funds for the development of broadcasting and civil aviation, funds for the reconstruction of earthquake damage in Bihar, grants to provinces from the Sugar Excise duty, funds for the Sind and Orissa buildings, subventions to Sind and Orissa, the Revenue reserve fund and the expenditure on Quetta. If we exclude these special items, the figures which are really comparable are as follows: 1932-33—16,10 lakhs, 1933-34—16,00 lakhs, 1934-35—16,14 lakhs, 1935-36—17,01 lakhs and 1936-37—17,55 lakhs. The figure for 1936-37 is thus 1,45 lakhs above the figure for 1932-33. Out of this increase of 1,45 lakhs, about one crore represents the increase due to the restoration of the cut in pay and the accrual of normal increments. Excluding this, the real increase is only 45 lakhs, that is less than half a crore.

Now, I shall just examine what this increase is due to. First of all, there is an item of about seven lakhs for grants to handloom and sericultural industries. Then there is five lakhs for the establishment of a Central dairy institute. Then there is five lakhs for the improvement of agricultural marketing, three lakhs for grants to Irwin Hospital, Delhi, and the Victoria Hospital, Ajmer, two lakhs for archaeological repairs, 18 lakhs for Delhi sewerage and refuse disposal schemes. There are also small increases under Aviation and Broadcasting. The House will thus see that almost the whole of the increase is due to medical, public health and agricultural schemes and that it is almost entirely in the direction in which this House wants us to spend more money. This completes my review of the figures given in Column 8, and I hope I have shown that there has been no unnecessary increase in expenditure at all.

Before turning to other subjects, I just want to refer to one remark of my Honourable friend, Dr. Ziauddin. He began his speech by saying that Government should exercise the utmost caution in increasing expenditure but he ended by saying that Government should give large grants for educational purposes and restore the cut in the grant to the Aligarh Muslim University. I am referring to this because it is not an isolated remark of one Member only. Most of the Members of the House want us not to increase expenditure, but, at the same time, they want large grants for purposes in which they are specially interested.

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

I next turn to some of the other remarks made by the Honourable Member, Pandit Govind Ballabh Pant. He found fault with the Finance Member for saying that there were signs of recovery and of increasing prosperity. I may mention here, that the Honourable the Finance Member never said in his speech that India was out of the depression yet. All that he said was that there were some sure signs of increasing

prosperity and of economic recovery. It is quite true that indices of prices and productivity are still much below the pre-depression period. At the same time, there is no doubt that there is an appreciable recovery. I shall refer to some figures in support of this statement. Table I of the monthly survey of business conditions in India, issued by the Director General of Commercial Intelligence and Statistics, gives the industrial production of the country for some of the important items. The figures in the latest volume available show that under most of the items there have been considerable increases in production during the first eleven months of the current year as compared with the corresponding period of last year. I have got the figures and can quote them but I do not think it is necessary to worry the House by quoting them. Again Table 3(1) of the same volume gives the index numbers of wholesale prices. It is quite true that they are below the pre-depression level but the figures for 1935-36 are certainly higher than those for 1934-35. In the course of his speech the same Honourable Member remarked that one of the most disquieting features of the present situation was the contraction in the volume of inland trade. His reasoning in arriving at this conclusion appeared to me to be a bit curious. He admitted that there was an increase in volume, so far as the foreign trade was concerned, and I am glad to note that he admitted this, but he concluded from this that there was a considerable diminution in the internal trade!

An Honourable Member: What is your conclusion?

Mr. K. Sanjiva Row: Now, what do we find from the accounts relating to the inland trade of India prepared by the Department of Commercial Intelligence and Statistics? The latest volume available is that for October, 1935, and it compares the figures for the period—the 1st April, 1935, to the 31st October, 1935, with those of the corresponding period of the previous year, and under almost everyone of the items it will be seen that there has been a considerable increase in the inland trade of the country in the first seven months of 1935-36 as compared with the corresponding period of the previous year. The Honourable Member said:

“When internal trade goes down in a country, that indicates that the economic capacity of the people is going down and their purchasing power is becoming poorer.”

I hope he will admit that the converse of this is also true, and, if so, from the figures available in this volume it appears that the economic capacity of the people and their purchasing power is going up.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): What is that volume?

Mr. President (The Honourable Sir Abdur Rahim): Let the Honourable Member go on. The Chair does not think it is fair to interrupt him.

Mr. T. S. Avinashilingam Chettiar: I was not interrupting. Sir; I simply wanted to know what he is quoting from.

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

Mr. K. Sanjiva Row: Accounts relating to the inland trade of India.

I may, in this connection, also quote from some reports received from Local Governments and Administrations regarding the agricultural situation during 1935. One province says:

"Prices are generally higher than in the previous year and the economic condition of the ryots has slightly improved."

Another says:

"The upward trend of prices of agricultural produce is continuing and there are signs that the lowest level of depression has passed away."

The third one says:

"There are indications of a slight recovery from the general economic depression but it is feared that unfavourable crops in some parts of the province will result in a set-back, though the expected rise in the prices of food-crops will to some extent compensate for this."

Again, another province says:

The condition of the agricultural population improved during the year 1935, as the seasonal conditions were generally favourable for all crops, especially rice, and prices were steadier, with a tendency to rise."

The general trend of the opinions of the Local Governments is that, except in some of the parts where there has been either a shortage of rain or excessive rain, the condition of the agricultural classes was much better in 1935 than in 1934.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): It is the "India" report again!

Mr. K. Sanjiva Row: One of the Honourable Members, Sir, referred to the deposits in the Post Office Savings Banks as some sort of index of the prosperity of the people. I would add, that the figures of investments in the Post Office Cash Certificates are also a guide in this matter. I wish to quote some figures to show what progress there has been in this matter. The amount of Cash Certificates outstanding on the 31st March, 1925, was Rs. 13 crores. It rose to Rs. 38 crores on the 31st March, 1931, and to 66 crores on the 31st March, 1935, *i.e.*, an increase of 53 crores between 1925 and 1935. Again, the total deposits in the Post Office Savings Banks on the 31st March, 1925, were 26 crores. They rose to 37 crores on the 31st March, 1931, to 58 crores on the 31st March, 1935, and are expected to be 68 crores on the 31st March, 1936, and 77 crores on the 31st March, 1937, *i.e.*, an increase of 51 crores. It must be remembered that owing to the very low maximum amount that can be deposited each year in a Post Office Savings Bank and the low total maximum amount that can be held in each account, the Post Office Savings Bank is usually utilised only by the poorer classes.

An Honourable Member: Question.

Mr. K. Sanjiva Row: It should also be remembered that, in most of the rural areas, people, if they have got any surplus cash, will first utilise it for lending locally at considerably higher rates instead of depositing it at a Post Office Savings Bank at a very low rate of interest. The large increases in the investments in Cash Certificates and Savings Bank deposits have also something to do with the question of gold exports, and I shall now deal with some aspect of that question. The contention of Honourable Members opposite seems to be that most, if not all, of the gold exported is "distress gold".

An Honourable Member: Is it not so?

Mr. K. Sanjiva Row: I shall mention some of the arguments against this assumption. Of course, it is quite true that in a country like India, where the bulk of the savings of the people are held not in banks, but in the shape of precious metals, some gold and silver should always go into the market whether there is a depression or no depression. In ordinary times this gold is absorbed by the people, but at times, when there is a large export of gold, it is but natural that a portion of this gold should also be exported. Sir, the large increase in Post Office Cash Certificates and Savings Bank deposits clearly shows that the major portion of the gold exported is not distress gold. In the seven years, between 1923-24 and 1930-31, the Post Office Savings Bank deposits increased by only 12 crores, whereas between 1931-32, the year in which gold exports actually began, and 1936-37, the increase is about 40 crores. As I said already, in comparing these figures, it must be remembered that most of the rural people deposit money in the Post Office Savings Bank, only when they cannot utilise it for local lending. There is ample evidence to show that considerable amounts of money are thus being utilised for local lending. We are informed that the indigenous professional money-lenders, who in previous years used to finance themselves by loans from the regular banks, do not now do so. This must be due either to the indigenous money-lenders having sufficient resources themselves, or to the demands on the professional money-lenders being less; in either case, it can only mean that the proceeds from the sales of gold are being utilised for internal finance.

Prof. N. G. Ranga: The credit of the people is gone, I say.

Mr. K. Sanjiva Row: I shall next deal with the question raised by my Honourable friend, Dr. Ziauddin Ahmad, as to how the amounts realised from the sales of gold have been utilised.

Honourable Members: Speak up, please.

Mr. K. Sanjiva Row: It is, of course, impossible to give any accurate or even approximate calculation. There is a lot of indirect evidence to show that a considerable portion has been invested abroad by the richer classes. I have already said that it is impossible to give any figures for this. Then, again, during the period between the 31st March, 1931, and the 31st March, 1937, we would have reduced our sterling debt by about 40 crores. The gold and sterling assets held by the Government of India in the Paper Currency and Gold Standard Reserves on the 31st March, 1931, amounted to about 79 crores, whereas the gold and sterling assets, held by the Reserve Bank of India on the 29th February last, amounted to a little over 132 crores, that is, an increase of 53 crores.

Honourable Members: A little louder, please.

Mr. K. Sanjiva Row: In addition, capital expenditure has been incurred in England to the extent of about 11 crores. These are only some of the items and it is impossible to give any accurate calculation.

[Mr. K. Sanjiva Row.]

Before concluding, I wish to deal with one of the arguments raised by my Honourable friend, Dr. DeSouza. I wish to deal with it because it is a very important point and is used by most people without realizing the fallacy in it. He said that the value of the rice crop in Madras dropped from about 97 crores in 1928-29 to about 45 crores in 1933-34, that is a drop of about 52 crores and from this he concluded that the purchasing power of the people had been reduced by 52 crores. Now, out of the rice crop worth 45 crores produced in Madras a little over 44 crores is consumed by the people of the province and a little less than a crore worth is exported. So far as the portion worth a little over 44 crores is concerned, it is certainly not correct to say that the purchasing power of the people is reduced. It is only in respect of the very small fraction which is exported that the purchasing power is actually reduced. Though he used this argument, in the earlier part of his speech, he contradicted himself in the end by saying that any import duty on rice will not be a burden on the consumers as they consumed their own rice. If they consume their own produce, I do not see how the purchasing power will fall with the drop in prices.

Then, Sir, my Honourable friend, Mr. Azhar Ali, mentioned just now that the increase in the currency receipts was due to the loss of currency notes by poor people. This increase represents entirely currency notes of the denomination of Rs. 500 and over which were not claimed during the last 40 years. I do not know how many poor people use currency notes of the denomination of Rs. 500 and over. With these words, I resume my seat. (Applause.)

Mr. Sami Vencatachalam Chetty (Madras: Indian Commerce): Mr. President, the Honourable the Finance Member, with characteristic politeness, invited the Opposition to shoot first. Barring his supreme disregard he holds of views other than his own, I like his jovial spirit which is infectious and it has also infused life into this otherwise listless House. The invitation, though appearing to be bold and courageous, smacks, I am afraid, of cowardice.

Mr. President (The Honourable Sir Abdur Rahim): "Cowardice" is not the proper word to use.

Mr. Sami Vencatachalam Chetty: I beg your pardon. I will say timidity. We have, in our *Puranas*, the instance of a Kshatriya being surrounded by the ladies of the harem looking at his virtuous and chivalrous foe with defiance, because he felt sure that the foe would not attack him when he was surrounded by the other sex. But, in this case, the Honourable the Members of the Government are equipped with the armour of irresponsibility and of a thicker variety in the case of the Honourable the Finance Member. So, Sir, it is indeed very often futile to indulge in shots, however dexterous my Honourable friend to my right may be or however pointed my Honourable friend, the Deputy Leader of our Party may be.

Sir, during the last 15 months, during which I have become associated with this Assembly, I have been an unfortunate spectator of increasing differences between the Government and the representatives of the people.

Barring questions of political importance, namely, independence, self-government, Dominion Status, Federation of unwilling and unequal units, Central responsibility to the Secretary of State for India, Provincial autonomy in the leading strings of the Central Government, coming to the more practical questions of improving the economic and financial conditions of the people of this country, I fail to see how, if the interests of the Members of the Government and of the people's representatives should be identical, there could be any divergence of views at all. But it is upon these questions every day, day in and day out, that the Government Members fail to see our point of view and we are unable to understand their point of view. No sincere attempt was ever made by the Members of the Government to take the people's representatives into their confidence and explain to them their difficulties in regard to the various questions that we put forward day after day before the Members of the Government. If we point out that the literacy of the people has not improved, if we point out that the economic condition of the cultivator is deteriorating, if we point out that the ratio that you have steadfastly adhered to is not conducive to the interests of the people, if we say that we are persecuted in this manner or repressed in another manner, you have nothing else to say than merely to repeat the arguments which are as unconvincing as they were when they were first trotted out. Sir, why this kind of atmosphere should be persisted in, I cannot understand. It will certainly not be good either to the Government or to the country to persist in this kind of aloofness and non-understanding of each other's point of view. (Hear, hear.) Sir, the case of this country cannot be more ably put forward than that which has been done by my Honourable friend, the Deputy Leader of our Party. I have, so far, not heard any reply from the Government Benches to the main questions which he has raised in that debate. It is easy enough to see that the financial condition of the Government may be quite sound, while the economic condition of the people might be rotten. The successive Finance Members might feel proud that they have presented balanced budgets, that they have raised lots of money by means of taxation, that their customs revenues have increased or that the salt revenues have increased and thereby paid off a lot of expenditure for this and that and also provided for avoidance of debt. The Honourable the Finance Member may also take pride in the fact that, contrary to expectations and contrary to the pledges given by Government, he could rather use revenue monies for capital expenditure and make the present generation suffer for the posterity. But, so far as the economic condition of the country is concerned, nothing seems to have been done effectively to ameliorate it or to put down discontent which is certainly rampant in the country.

Within the framework of the policy and the case which has been presented to this House by the Deputy Leader of our Party, it may not be inconsistent if I should refer to some of the minor questions which affect the people of this country. For some years past it is a matter of some satisfaction that a few problems of rural and agricultural welfare are receiving the attention of the Central and Provincial Governments. But such matters affect only the upper strata and the stress on the superficial questions even create a doubt in our minds that the Governments are only diverting the more important ones from the attention of the public and giving undue importance to academic questions. I refer, Sir, to the incidence and the oppressive vagaries of the land revenue assessments. Though the land revenue assessment is primarily the concern of Local

[Mr. Sami Vencatachalam Chetty.]

Governments, the Government of India cannot escape the responsibility of failure to persuade the Local Governments to place these assessments on a statutory basis. And, as a matter of fact when the Madras Government had submitted a Bill for sanction to put the land revenue assessment on a statutory basis, the Government of India has the unenviable credit of having rejected a proposal of that sort. Though in theory the assessment is half of the net produce in practice it amounts to a greater proportion, and this has occasioned the progressive impoverishment of the mainstay of the country. Researches in seeds, methods of cultivation and promotion of new and improved methods of cultivation, fall flat on the agriculturist, the prices of whose produce we have cruelly lowered and exposed him to inclemencies of all sorts. The tenants in zamindari areas who, by the way, in the Madras Presidency alone, are nearly a third of the tenantry, are in peculiarly distressful conditions. Their rents are disproportionately high and abnormal, and it is indeed a very cruel form of concern for agriculturists that their grievances of rackrenting are ignored on the ground that their interests are the concern of Local Governments or a matter regulated by time-worn legislation.

Rice, which is the main crop of the Madras Presidency, and an important crop in several other provinces, has suffered a decrease in export due mainly to some foreign customers turning away from the rice of our country on account of the discrimination shown against them. We are further handicapped by the large imports from Siam, though I cannot definitely say that these imports have displaced the Indian equivalent variety in the internal market. I have no doubt these heavy imports have had a deleterious effect on the prices of other varieties of rice. The duty levied on the importation has had no permanent effect and I venture to think that unless quantitative restriction is placed on them the increase of duty will only add to the burden of the consumer instead of levelling up the price of Indian rice.

Cotton is another important crop. There are about 25 million acres under cotton cultivation yielding about 6 million bales of 400 pounds. Nearly half of it is, I am told, consumed in this country, and, in the export of the other half, the cultivator comes in the conflict with the industrialist. It is true that the industrialist is assuring the cultivator that Japan, a large buyer, would continue to take the exportable surplus. Verbal assurances will carry no conviction to the mind of the cultivator, and the industrialist who wants protection for his industry,—with which desire I entirely agree,—must be able to offer more tangible proof of his assurance.

Tobacco is another important crop in Madras. Happily the legislation to levy certain license fees on the sale of this commodity is for the time withdrawn. But I fear it will be brought up again. Cigarette manufacture should be encouraged in this country.

In all important matters of produce and manufacture, the industrialist and the cultivator only are reckoned with. The labourer and the merchant are looked at in a patronising mood and indifferent spirit. In fact, the poor consumer is trotted out, both by the industrialist and by the agriculturist, as being a victim of labour or the merchant. At one time the industrialist and the merchant were one and the same person. Now they are different, and where they are both one the merchant is talking in the

language of the industrialist and pocketing the profits of both the industrialist and the merchant. In provinces where industries are few or nil the former merchant in imported goods is driven to the ranks of the unemployed. He is looked down upon by the patriot, industrialist and the socialist. This process of elimination of the merchant is justified on the specious plea of branding the merchant as a middleman adding to the burdens of the consumer. But a closer examination and unprejudiced observation will show that by the elimination of the middleman the consumer is not a bit benefited, but the voracious middleman of industrial class snatches it away at the source. Madras can boast of very few industries and joint stock concerns. The middle class consists of merchants and traders. It remains to be seen how the industrial policy of the country will be able to afford living accommodation to them who, I think, exist in large numbers in other non-industrial provinces as well.

In this connection, I remind myself of the proposed comprehensive amendments to the Companies and Insurance laws. I await with keen interest the changes; but let me say that our compatriots of the northern provinces have had a start in insurance. In a spirit of patriotism the public in the south had placed large business expecting that the resources of these companies would filter to all provinces alike for the benefit of the economic and industrial conditions of the country as a whole and all the component parts. Much of the wealth is locked up in Government securities or securities of industrial concerns of the north. I am doubtful if a small portion of their fluid capital is with the local banks of provinces other than their own.

Madras must needs complain about postal and telegraph amenities. It was not without some supplication that we were able to secure the restoration of the single sea-mail direct service between Madras and Burma. I must acknowledge and convey my deep thankfulness and of the other representatives of Madras and the commercial organisations of Madras to Sir Frank Noyce without whose help it would not have been possible to get this restored. But let me tell him, Sir, that Madras, in respect of postal conveniences, is behind at least by 20 years. The population of the city has grown up by 25 per cent. within the last two decades, and the suburbs have increased by at least a dozen; and still the post offices have not shown a corresponding increase, much less the staff, in the existing post offices. There is only one clerk who receives the telegraphic messages in the General Post Office where many people, both European and Indian concerns, have to wait to see their messages received, for more than 20 or 25 minutes.

Now, Sir, with reference to some of the points raised by Pandit Govind

Ballabh Pant, the Budget Officer of the Government of India
 4 P.M. has replied to them, and he took particular care to mention those arguments in as inaudible a voice as possible, because it is very difficult to be bold when arguments are weak. Sir, it would have facilitated our convenience if he had made himself better heard. At any rate, Sir, to such of those points which I heard and to which there can be an immediate reply, I propose to give a reply. With regard to the growth of expenditure, he said that from 1932-33, the real increase of expenditure was only Rs. 45 lakhs, so that the figures of expenditure which are shown as Rs. 21 or 22 crores include many other items of extraordinary expenditure during the year. That is so. The point of our criticism is that you are taking money from the emergency taxation and meeting unusual

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and extraordinary expenditure which ought to be provided for within the ambit of ordinary revenues and ordinary expenditure. There is no point in saying "there is so much money, I will spend on Quetta", and when we criticise and say that you should not spend from revenues on Quetta, turn round and reply,—"there has been no real expenditure, because this expenditure is unusual and has only shown a small increase". What we really say is that you have no business to meet expenditure for which you have not raised emergency taxation. If you examine the various items of your unusual or extraordinary expenditure, you will find that they are such as should be possible for any Government to make provision in the ordinary course. Could it be said that Rs. 7 lakhs for handloom weavers, Rs. 5 lakhs for the dairy institute, Rs. 5 lakhs for agricultural marketing, Rs. 3 lakhs for the Delhi hospitals, Rs. 2 lakhs for Archaeological Survey—researches I suppose—and another few lakhs for anthropological researches could be considered to be so emergent as to justify expenditure from emergency taxation? It should be considered to be a tyrannical and oppressive taxation.

Again, he criticised one Honourable Member who had said that, while asking for reduction of expenditure, it would be inconsistent to ask for increase of grants. This is the usual argument of the Government Benches. We, no doubt, ask for a number of things, but what you generally do is, you reject everything. You won't say, "well, you have asked for so many things, I am going to provide for this thing this year, you must be satisfied". We ask for reduction of taxation, because you do not grant us any of our requests and there is no chance of any of our demands being accepted by you. When we ask for the reduction of the post card rate from nine pies to three pies, you say "you want this, you want that, therefore, I am not going to reduce the rate". When we say "you have taken so much money, why don't you do this and do that", you say you cannot do anything. So, there is no meaning in finding fault with Honourable Members who ask for a reduction of expenditure and also for an increase of grant. If you are prepared to give increase of grants and thereby justify the amount of taxation that you levy, that is something which we can understand.

I shall now come to the contraction and value of inland trade. I believe that, in the normal course of events, the inland trade of a country must be nearly ten times the value of foreign trade. May I ask the Budget Officer in what proportion our inland trade stands in relation to foreign trade? Is it fair to take only the figures of nine or ten months of this year and compare them with the figures of the preceding year? You must take the average figures of the last four or five years and let us know whether there has been any appreciable increase in inland trade. It has been said that the economic condition of the people is going up. I suppose it is going up in the minds of those highly paid men. It is always the case that when one is satisfied, he thinks the whole world is satisfied. It is no doubt a very enviable mentality that people who are satisfied must think that every one else is satisfied. But to examine the question, whether the economic condition of the peoples is going up, we have to go into the villages and find out what the actual state of affairs is. The Budget Officer quoted in support of his argument that the economic condition of the people was going up, the volume of deposits in the Post Office Cash Certificates, in the Post Office Savings Bank, etc. He very carefully omitted to mention the low rate of interest of

banks for current accounts and savings bank accounts with them. While the savings bank deposits have increased in several banks, the interest has been reduced on current account to one per cent., and I think, on savings bank, the Imperial Bank of India has reduced it to $1\frac{1}{2}$ per cent. or two per cent. Apart from that, the money is unemployable. It is not in the savings banks alone that you see large accumulations of money, but in very many banking concerns, there is a large accumulation of money, and this is no indication of the economic prosperity of the country. On the other hand, it is because that we are not able to employ the large capital that is available in profitable undertakings that there is this accumulation. To infer from large deposits in savings banks that the economic condition of the people has gone up is erroneous on the part of ordinary people, but it is a dangerous inference so far as Government officers are concerned. It was also said that the indigenous moneylender was not taking money from the bigger *sowcar*, either because he himself has come into possession of more money or because the borrower does not require money. Is this the way by which Members of Government determine the economic condition of the people and decide about their prosperous condition? It is very unfortunate that he should have ignored the various handicaps laid on the small moneylender in recent times. In almost every province, debt legislation has been passed and this imposes some stringent conditions on the moneylender. I believe, there is also a Bill which has been given notice of in this House for freedom of debtors from arrest and non-attachment of a portion of salaries. It is not necessary for me to say whether these are good measures or bad measures. But one thing is certain, and that is, that all these are restrictive measures which affect the credit of the small man. Now, for what purpose does the small man borrow from the moneylender? It is only for the purpose of paying the *kist*. If you can know to what extent the small man borrows during the *kist* collection months, it would be a fair index of his capacity to pay the tax.

It is said that one Honourable Member referred to the fact that the value of the rice crop in Madras dropped to Rs. 45 crores and thereby there had been a loss of about Rs. 20 crores to the agriculturists, and it has been stated in reply that out of 45 crores value of rice, 44 crores value is consumed internally. Sir, like the law of averages, this is also a very deceptive argument. 45 crores value of rice is no doubt produced in Madras Presidency. Is it, therefore, suggested that without converting that produce into money the ryot or the people of the province would be able to consume the same? It must pass into others' hands and when it passes into others' hands the return he gets is often smaller than the money which he got previously, on account of the fall in prices. But the Honourable the Budget Officer conveniently forgets that the payment of tax is still in money. The full value of the money has to be paid; and for paying a certain amount of money he has to sell a larger volume of rice produce to satisfy the tax-gatherer.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

It is, therefore, wrong to say that because 45 crores value of rice is produced in a province and 44 crores value is consumed, that it is not affected by the fall in prices

Dr. F. X. DeSouza: That argument applies only to crops which are food like rice, but not to money crops.

Mr. B. Das: You have turned round?

Mr. Sami Vencatachalam Chetty: Therefore, it is an incontrovertible fact that the capacity of the cultivator to pay his taxes is considerably diminished, and that is why even the Local Governments are realising the necessity of giving remissions. Now, in connection with a similar question, the Honourable the Budget Officer mentioned some reports of the Provincial Governments which uniformly go to show that there has been an upward tendency in the condition of the agriculturist. I have a doubt if these reports are those sent up to the revenue boards for the purpose of maintaining the existing rates of land revenue assessment. Generally, it is an open secret that whatever might be the personal views of the district officers in regard to the condition of crops in their areas, the condition must be so indicated to the higher authorities as not to put them in an awkward position when they have to meet the demands for the reduction of land revenue assessment; and it is only in very rare occasions when the distress is far too acute to ignore and when the district officers have not become so seasoned and so trained to ably soften facts that recommendations for remissions reach the Provincial Governments. Therefore, to set such a high value upon the reports of Provincial Governments, which, after all, are based upon the district officers' reports and submitted just at the time of the assessments, is rather disadvantageous to know the exact truth of the condition of the people. I do not know how else we could show to this Government that the people are suffering from the lack of business, from the lack of sufficient money to sustain themselves even up to the level to which they were accustomed some years ago. Unless the Government themselves believe that there should be some truth in what we, time after time, are expressing in this House, there is to my mind no other way of convincing them. Therefore, while I feel that so far as certain rates of taxation and certain postal rates are concerned there was some indication of relieving the burden of the people, there is yet a lot more to be done. Apart from that, the one way of gaining the confidence of the people and their co-operation in its full measure is to take their representatives into the fullest confidence and explain to them why it is that they should still adhere to the export of gold, why it is that they should still adhere to this 18d. ratio, why it is that protection could be given only in dribblets, why it is that repression should be going on in the manner in which it is now being done. I pray that God Almighty will give wisdom to the Honourable Members of the Government to understand the spirit and the minds of the people

The Honourable Sir Nripendra Sircar (Leader of the House): and that He might be equally kind to the Opposition.

Mr. Sami Vencatachalam Chetty: . . . and to improve their economic and political condition.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, at this stage, it is incumbent on us to consider the financial history of the country before we begin a discussion on the various items contained in the Finance Bill. I will not, however, deal with the remote past, but will confine my attention to the period beginning from the outbreak of the Great European War. During these 22 years, we had in India ten

years of deficit, nine years of surplus, and three years in which the expenditure was equal to the income. How were the deficits met and how were the surpluses secured? By borrowing and taxation. In 1914, that is to say, just on the eve of the outbreak of the European War, there was practically no unproductive debt in this country. The first purpose for which debt was incurred was to give assistance to the British Government in carrying on the European War to the extent of £146 millions. Then, there were further additions to this unproductive debt due to deficits in the Government's budgets.

Coming to taxation, we find that it was on no less than twelve occasions during this period that fresh taxes were imposed on the people and it was only a very small proportion of this additional taxation that has so far been remitted. Now, Sir, is this a satisfactory state of things? I am not one of those who regard taxation as a necessary evil. On the other hand, I believe that in certain conditions and in certain circumstances taxation may become a necessary good. If the distribution of the burden of taxation is equitable, and if the proceeds of taxation are properly utilised, taxation made the instrument for promoting the welfare, social, moral and economic, of the people. But for what purpose has taxation been imposed in this country during the last twenty-two years? Have these taxes been levied to extend education? No. Have these taxes been levied in order to improve sanitation and public health? No. Has taxation been imposed in order to improve agriculture? No. Has taxation been levied in order to develop the industrial resources of the country? No. Has taxation been levied in order to introduce measures of social reform, in order to relieve poverty, in order to relieve unemployment? No. The emphatic answer to all these questions is "No".

For what purpose, then, has this additional taxation been imposed? In order to enable the Government to carry on the ordinary duties of administration. Sir, if we compare the administrative expenditure which existed in 1914, with that of the present day, what do we find? We find that there has been an enormous addition to the expenditure of the country,—and on what subjects? On subjects which do not relate to the nation-building departments of administration, but to subjects like defence, police, general administration, and so forth. Now, Sir, these are important duties which the Government have to carry on, I do not deny that. But my complaint is that there is a lack of balance between what may be called the protective services of Government and the ameliorative services, and this lack of balance has been in existence in this country from the beginning of British rule. Sir, time has now come when this lack of balance should be remedied, and it is urgently necessary that steps should be taken to take in hand the subjects which have so far been neglected. For this purpose sufficient funds should be provided. Now, Sir, how can this object be achieved? This can be achieved only by a reduction in expenditure. It is true that on some occasions, when the pressure was very great, Government adopted a policy of retrenchment. But this policy was a feeble one, and in many instances a misdirected one. While the axe fell heavily at the bottom, the top was practically left untouched. When temporary cuts were levied even at the top, even this small reduction in salaries was removed at the earliest possible moment. Sir, what is wanted now is to adopt a proper policy in carrying on the administration of the country, and that policy is to secure money by retrenchment in the different departments by removing unwanted persons from the top

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and by effecting a general cut in salaries and to utilise the money thus released for beneficial services. Sir, on the occasion of my budget speech the other day, I urged that more money should be made over to the provinces. My object was not to make it possible to incur additional expenditure on subjects like police and general administration, but to enable them to spend more money on subjects like public health, sanitation, education, agricultural improvement, and industrial development.

Sir, Sir Walter Layton, the financial assessor of the Simon Commission, remarked a few years ago that, while India was spending as much in regard to the protective services as any other civilised country, her expenditure on education, sanitation and other subjects was extremely small, and in regard to some of the services, which engaged attention in other countries, India incurred no expenditure at all. Sir, the time has come when the whole matter should be considered in a new perspective.

Sir, the other day, when the Honourable the Finance Member was presenting his budget, he said that India was on the road to recovery and was gradually gaining in prosperity. Well, I do not know whether he was quite correct or not. But, with reference to this, I said that there were certain indications that foreign trade had improved to some extent. Today, my Honourable friend, Mr. Sanjiva Row, points out that internal trade has also improved, but the figures, which he supplies, themselves tend to show that this improvement is not at all appreciable,—it is, in fact, almost negligible. An improvement in foreign trade does not necessarily imply that the country is prospering.

While, on this subject, Sir, I may mention that our export trade has not as yet improved to the extent that it would make it possible for us to do away with the export of gold. For a long time past India enjoyed a very large favourable balance of trade, and the result was that India was able to accumulate a large store of gold. But, during the last five years, what has happened? A considerable proportion of this store of gold has been drained away. The Honourable the Finance Member says, and my Honourable friend, Mr. Sanjiva Row, repeats it, that this is not distress gold. I take them at their word. If it is not distress gold, then there would be no hardship if we levy an export duty on this gold. You cannot have it both ways. With one breath you say it is not distress gold, and with another you say it will be a hardship on the people, who export gold, to levy an export duty on it! India is in need of money, in very urgent need of money. Provincial autonomy, or what is known by the name of provincial autonomy, will be established soon. The provinces will require greater expenditure. Why then, do you not levy an export duty on gold at a very moderate rate, say, at the rate of ten per cent.? During the last five or six years, India has exported gold to the extent of Rs. 265 crores. (An Honourable Member: "275 crores".) I stand corrected. I do not remember the exact figure, but it is a detail. The average rate of export is something like 50 crores a year. If you levy an export duty on gold at the rate of ten per cent. during the next year you will be able to improve the finances of the country by something like Rs. 5 crores. That will not be a very small gain. The Honourable the Finance Member said last year that gold is a commodity like other commodities. If this were so, then his own country, England, would not have been so anxious to preserve her gold stores, and other countries also

would not have been so anxious to preserve their gold. Whatever that may be,—the Honourable the Finance Member said that the people of the country are deriving large profits from this export of gold. Profits, as every economist will tell him, are a proper subject for taxation, and I would, therefore, urge him to levy a tax on the export of gold.

The Honourable Sir James Grigg: Even when the profits are made by the agriculturist selling his ornaments?

Prof. N. G. Ranga: You admit it then?

Dr. P. N. Banerjea: Does this gold come from the pockets of the agriculturists? Are they in such a flourishing condition that they can afford to send away their gold? If this be so, it is distress gold; you cannot have it both ways. I agree with you that the whole of it is not distress gold, and, therefore, I urge you to levy an export duty on the commodity.

Now, coming to the question of recovery, my Honourable friend says that India is well on the road towards recovery. But what have the Government of India done to promote recovery in this country? Compare the activities of the Government of India with the activities of some of the other countries,—United States, England, Germany, France, etc., where serious attempts have been made to bring the depression to an end. In India, practically nothing has been done.

An Honourable Member: Nothing will be done.

Dr. P. N. Banerjea: And what do we find? The present position is that, in most of the countries of the world, unemployment is on the decrease. I asked a question on this subject the other day, and I pointed out that India does not appear on this list which was published by the League of Nations. Then, I asked: "Is it a fact that in India unemployment has increased", and the answer was "Yes". So, the position is that, in India, unemployment has increased, whereas, in other countries, unemployment has decreased. I will not discuss the steps which have been taken in other countries to cope with unemployment. This was temporary unemployment, and it was met by various temporary measures. One of the most important of these measures was the construction of public works. The Government in India ought to have done the same. But unemployment in India is not a temporary phase; it is a permanent condition. Now, how are you going to remove this permanent condition? Well, we can do this only by industrialisation. To me it does not seem that there is any other way open.

If we read the history of India since the commencement of British rule, what do we find? We find that there is a melancholy tale regarding the economic and financial injustice done to India, and this melancholy tale has been told a hundred times, and even more, not only by Indians, but also by Englishmen. I will not repeat this tale, but this much I will say that if the Honourable the Finance Member wishes to acquaint himself with the financial and economic history of India during the last 200 years, he will find many books in which a true account is very carefully given. (Interruption.) I could have myself given him some of my books. I admit that in recent years there has been some change in policy. The Government, a few years ago, adopted the policy

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of discriminating protection, and the application of this principle has helped several industries. But if we examine very carefully the methods of such application, we find that the policy has not been carried as far as it ought to have been, and there have been many omissions. So far as small and cottage industries are concerned, they have been ignored almost entirely, and, in some cases, the interests of the small industries have been adversely affected. I would ask the Government, therefore, to adopt a policy of industrialisation, that is to say, adopt a policy of development, not only of large scale industries, but also of small-scale industries and cottage industries. I have already admitted that tariff protection has been given. But tariff is not the only form of protection that can be given to industry in this country. There are various other ways in which encouragement may be given to industry. Pioneering would be one such form. Guaranteeing a minimum rate of profit would be another. Purchase of stores would be a third, and the financing of industries would be the most important of all. If the Government adopt such a policy, a great change will occur in no time.

Sir, I have not had time to touch some of the points which I wanted to deal with, and I wish to discuss a few of them now. With regard to gold export, I wish to point out that such export is necessary, because of the huge amount of home charges which this country has to meet. These home charges consist of various items, but the most important among them consist of pensions and leave allowances of officers, both military and civil, and the interest on debt. Now, it is these home charges which make it incumbent on us to export gold. In the years before the economic depression of 1931-35, India met these home charges by sending an excess of exports over imports, but the situation has now changed. What has to be done now? It is absolutely necessary that the Home charges should be held in check. Greater Indianisation would go a long way towards reducing the home charges, and a reduction in pensions and pay of British officers would also work in the same direction. A further step will also have to be taken, and that will be to float more largely loans in India. If gradually the foreign debt is paid back by means of internal loans, India will ultimately be able to free herself from the stranglehold of British capital. This has a political as well as an economic bearing, and I hope this matter will receive consideration.

One word more, and I have done. India presents the unique spectacle of a poor people in a rich country. There are few other countries, I believe, where a similar spectacle could be observed. But India has not always been poor. If India is poor today, what should we do? It is incumbent on us to find out the causes of this poverty and to apply the proper remedies. The people and the Government must combine in order to find out the causes and to apply the proper remedies. Will the Honourable the Finance Member take the first step in this matter? He will perhaps say that he belongs to the orthodox school and according to the orthodox school, *laissez-faire* is the best policy. But although he was at one time a member of the orthodox school, I invite him to expand his vision and to see that orthodox economics is not suitable to the present circumstances of India.

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

Sir, only yesterday, I was reading a new book by one of the greatest economists of his own country. It is the latest book by John Maynard Keynes, and it is entitled "General Theory of Employment, Interest and Money". Mr. J. M. Keynes was brought up in the traditions of the orthodox school, but he now finds that these traditions do not suit him, and he says that the tacit assumptions of the exploded classical theory are seldom or never satisfied, with the result that it cannot solve the economic problems of the actual world. I ask the Honourable the Finance Member to mark these words—it cannot solve the economic problems of the actual world. I invite him to extend his vision and to take a more reasonable view of the circumstances of India. Mr. Keynes further points out that it is necessary for Government to expand its activities in the direction of giving assistance to industry and trade. So, if an orthodox member of the classical school has come round to this view, I hope and trust that it will not be long before our Finance Member also turns his attention to the realities of the problem and changes his views. But whether he does or not, we have a duty to perform, and let this House make it clear to the Government that the time has come when a new orientation of Government policy is needed, and that unless that is done, there is bound to be confusion and chaos in the country.

Mr. Ghanshiam Singh Gupta (Central Provinces Hindi Divisions: Non-Muhammadan): There have been shots and countershots in this battlefield of cushions and armchairs, and I was watching, as a villager, as to who has lost the game and who has won it. Up till now, it was very difficult for me to decide as to who is going to win and who is going to lose. But one thing is certain that it is the Indian villager that is really going to lose the battle, and it is this mighty Government that is going to win it! There have been arms and ammunitions, some drawn from the old armoury and some from new ones, but the net result is the same and will continue to be the same—that this mighty Government will win and the villager will lose. In the name of the villager, I have to say this that although I noted great learning, erudition and book authority, there was one thing that struck me, more particularly about my Honourable friend, Mr. Sanjiva Row, that he does not know the villager. At any rate, he does not know what the villager is suffering from. He has drawn his conclusions in the sort of way given in a story in the "*Pancha-Tantra*". Sir, there was a jackal which was caught, and that jackal used to be given blows, because the jackal was eating in the fields of a cultivator. Another jackal came and inferred from its face, "Oh, you are very very thick, you are very fat, what do you eat?" The inference that he drew from his body is just like what our Pandits are drawing when they draw inferences from their statistics, and when they say: "Oh, this is rising, and that is falling, therefore, there must be prosperity". Now, a brother-jackal saw the fat jackal and said: "Look here your cheeks are very very fat, your hands are fat, you must be prosperous, and you must be eating very good things". Then, that jackal said: "Yes, very well, I am eating really fine things every morning and every evening, but I would only ask you to do one thing. Please come and untie my neck and tie yours, and you will then enjoy what I have been eating, and, afterwards, you will know, and you may also grow fat." He was probably, Sir, less clever than our friends opposite, and he got himself tied and let loose the other one. The next morning, when the cultivator came, he gave him a good beating. Then he said: "What are you doing, don't beat me." So, in the same way, my

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Honourable friends reading from certain figures are like the reading of that jackal from the face of the other jackal, that that fellow is fat and is very happy. He said: "This is how he was happy." So I will say the same thing. You should not merely draw your inferences from those books, but if you will please go and see the villagers, and I invite my Honourable friend to come and see the villager in the Chhattisgarh Division, and if he will come there, then the whole of your theories will be falsified. So, if you care to draw a really fair inference and a correct inference, you should go and see the villages and then you will find that either your data is wrong or your inferences are wrong. Sir, my Honourable friend has said: "Oh, there is such an amount of increase in investments in post office cash certificates and in savings bank deposits that no one can draw any conclusion other than this that the average villager is happier".

The Honourable Sir Nripendra Sircar (Leader of the House): He never said that.

Mr. Ghansham Singh Gupta: If he did not say that, I will withdraw my words, but what I understood him to say was—and he was speaking in a very low tone, and I wanted him to speak up as I am speaking just now—I understood him to say that the average villager was more prosperous, because there were bigger deposits in the savings bank accounts and there were more purchases of cash certificates, because, he said, the villager deposits his savings there in the post office. If he did not say that, I will stand corrected even by the Honourable the Law Member, but I would like that to come from his client himself, Mr. Sanjiva Row,—that he did not mean it—rather than from his lawyer the Honourable the Law Member, because, so far as we laymen are concerned, we want these admissions to come not through a lawyer, and particularly when the client is present; if I am wrong, I should like to be told so by the Honourable Mr. Row himself. Anyway, the position is this. You cannot find four annas with an ordinary villager. You cannot find (except to a very small extent) money in an ordinary village. It is certainly true that there are accumulations in the banks and lack of money in the village. There must be some reason for that. Probably my Honourable friend, Pandit Govind Ballabh Pant, or the Honourable the Finance Member will be able to explain the reason, but I can only say, as one knowing a villager himself, what the actual facts are. But, before I go into those details, I must say one thing, because this is the time when we can have some heart to heart talk. Howsoever feeble my voice may be, howsoever ineffective my voice may be, and I also say that it may purely be technical, but I shall put one question, and that question is this. Sir, I question the moral right of this Government to tax the people of India. I can understand a Government taxing its people where it is the people's representative; I can also understand an autocrat taxing the people over whom he rules, if he is a benevolent autocrat, if he spends that money in the way in which it has been described by Kalidas:

"Prajánameva Bhootyartham sa tábhen bali magra heet.

Sahasra gund mutrashtoom adutte hi rasam ravi.

Which means:

"King Raghu and others used to take from their subjects in order to give the latter much more; Sun takes from the earth in order to give it back a thousand fold."

(Hear, hear.)

Now, if an autocrat takes money and spends it for the welfare of the people, then, of course, he has a moral right to take it. Therefore, howsoever my voice may be feeble, and I know that it is very feeble (*Voices*: "No, no"), howsoever my voice may be ineffective, and I know it is very ineffective (*Voices*: "No, no"), and howsoever the question may be technical, and I know it is very technical, I question the right of this Government to tax the people of India. Now, why do I question it? Sir, I am not a hater of autocrats. If I were free, I would love to be under an autocrat who swore allegiance to the people of India, but I would not like to be under even a democrat who swears allegiance to some other country. Then I may be asked, why do I put this question? It is because this Government has been most callous to the villager, to the agriculturist. Oh, how much they have taken from him!

There is one point, Sir, to which I want particularly to draw the attention of this Government, and it is this, that after 1902, after Lord Curzon's Government, there has been no all-India land revenue policy, and, in the absence of an all-India revenue policy, whereby the average agriculturist, the average villager, may be profited, we find, Sir, that there has been a lot of misery in the villages. Now, I can assure this House of a particular tract which I know intimately, Chhattisgarh. Sir, there is literally no water there; out of a hundred villages, I say, it is very difficult to find in, say, fifty villages any decent, drinking water, or even in thirty villages.

An Honourable Member: That subject is provincial.

Mr. Ghansham Singh Gupta: My friend says: "that subject is provincial", and he thinks, therefore, that I need not talk upon it. But, Sir, if I cannot get pure water to drink even, then what is the good of this Government?

An Honourable Member: What is the size of a cow there?

Mr. Ghansham Singh Gupta: Sir, if you have ever gone there, you would have seen that it is less than a goat here in the yield of its milk; it is literally true. Sir, I was thunderstruck when I first came to Delhi. I was told that the cow here gives about ten seers of milk and the goat gives about two seers of milk. Now, out of a hundred cows in Chhattisgarh Division, you will not be able to pick up two or four which will give two seers of milk in the whole day. The Government have been most anxious, they say, to improve the agricultural condition of the villagers . . .

Pandit Lakshmi Kanta Maitra: And what is the size of the goat?

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member finish his speech now?

Mr. Ghansham Singh Gupta: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Very well.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, the report of the Select Committee
 5 P.M. on the Delimitation Committee Report has been presented this morning, but some Honourable Members of the Committee did not have

[Mr. Akhil Chandra Datta.]

the opportunity to sign the report at that time. May I, Sir, have your leave and the leave of the House for this report being signed by those Honourable Members here present now?

Mr. President (The Honourable Sir Abdur Rahim): Under the exceptional circumstances of this case, the Chair will raise no objection, if the House agrees, that the Honourable Members, who have failed to sign the report, may sign the report here at the Secretary's table. The report is already in the possession of the House, and the Chair cannot, therefore, allow any additions to be made to it, in any way, without the leave of the House. Is it the pleasure of the House that Honourable Members who have not signed the Report may be allowed to sign it now?

Several Honourable Members: Yes, yes.

Mr. President (The Honourable Sir Abdur Rahim): Those Honourable Members who have not signed the Report may do so now.

Mr. Akhil Chandra Datta: There is another matter that I wish to bring to your notice. My Honourable friend, Sir Muhammad Yakub, is not here just now. As a matter of fact, he has put his signature to another copy of the same report which is exactly identical and which is in my possession. I have got his signature in that copy.

Mr. President (The Honourable Sir Abdur Rahim): That copy can be put in. Those Honourable Members who have not signed the Report may now come to the Secretary's table and put their signature to the Report.

(The Report was then signed.)

The Assembly then adjourned till Eleven of the Clock on Thursday, the 19th March, 1936.

APPENDIX.*

We, the undersigned members of the Committee appointed by the Legislative Assembly to consider the Indian Delimitation (Hammond) Committee's report, have carefully examined the proposals of that Committee. Our criticisms and recommendations are confined to the specific points dealt with in the following paragraphs:—

Single versus multi-member constituencies.

2. In view of the fact that the franchise will be extended to a large proportion of electors inexperienced in the exercise of the vote we welcome the acceptance of the principle that single-member constituencies should be the rule and multi-member constituencies the exception. We do not accept the Hammond Committee's recommendation for multi-member constituencies in the provinces of Madras and Bombay generally, except in the cities of Madras, Ahmedabad and Bombay and except where reservation is necessary for Scheduled Castes, Mahrattas and the Backward Classes.

The representatives of Sind and Orissa are of opinion that, considering the size of the constituencies, single-member constituencies should be replaced by multi-member constituencies in those provinces.

If multi-member constituencies are retained in the provinces of Madras and Bombay, we recommend that similar constituencies be constituted in the Provinces of Sind and Orissa, provided that the method of voting in such constituencies is the method of distributive and neither the cumulative nor the single non-transferable vote. In fact, we would strongly advocate this method of voting in all multi-member constituencies including those constituencies where seats are reserved for Scheduled Castes in accordance with the Poona Pact except in the cities of Madras, Ahmedabad, Bombay and Karachi. Though we should have wished for the election of a representative of the Scheduled Castes to be by distributive vote in those cities also since this method of vote is more in accord with the spirit of the Poona Pact, nevertheless having regard to the practical difficulties the cumulative vote has to be accepted for these cities but must be restricted to them alone.



Urban versus Rural.

3. It is necessary at this stage to call attention to a proposal of the Hammond Committee which appears to have dealt unfairly with the case of the United Provinces in the matter of adequate urban representation in the provincial Legislative Assembly. In paragraph 117 of their Report the Committee recommend the allocation of only 13 general seats to urban constituencies out of a total number of 140 seats. Not only does the proportion of seats which is now being allotted to urban areas compare unfavourably with that allotted to the existing Legislative Council but the voting strength of urban areas has also increased by about 50 per cent. and several new towns have been added to the urban category.

* *Vide page 2751 ante.*

Another instance of glaring inequality appears in the case of Sind where, despite the stress laid by the Hammond Committee on achieving a reasonable balance between the interests of town and country, only 2 urban seats have been proposed for the Muhammadans out of a total number of 33, and that only in the Karachi City. In making such a recommendation the Hammond Committee have completely ignored the vast Muhammadan urban population in the districts of Hyderabad and Sukkur. By tacking on the legitimately urban areas to rural areas they would keep out the greater proportion of the intelligentsia resident in the cities.

We have no doubt that these two obvious inequalities will be redressed in the light of these criticisms.

Women.

4. The Hammond Committee propose the allocation of all seats reserved for women in provincial Legislative Assemblies to special constituencies. There is however one small matter which owing to the intensity of feeling on the point we should be reluctant to overlook. This is in regard to the extent of the women's constituency in Assam. In deference to popular feeling and on the merits of the case we recommend that the constituency for women in Assam should comprise the towns of Gauhati, Sylhet and Shillong.

Landholders.

5. The representatives of certain provinces have brought to our notice the high qualification in respect of the payment of land revenue which is proposed for voters for the landholders' constituencies. We are satisfied that the rates of land revenue are excessive and we recommend their reduction: in the United Provinces to Rs. 2,500 land revenue, in Madras to Rs. 1,500 land revenue, in Bihar to Rs. 2,000 land revenue and/or Rs. 500 cess; and a proportionate reduction in Orissa.

Commerce.

6 (a). The suggestions for the rules to govern the qualifications of electors in the commerce constituencies in the Provincial Legislative Assemblies are set out at page 177 of Volume I of the Hammond Committee's Report.

According to these suggestions a person (including a firm) would be qualified to be included in the electoral roll of a commerce constituency (i) if his name is included in the list of members of the Chamber forming such a constituency and (ii) if he is engaged in trade and possesses a paid up capital of not less than Rupees one lakh. This suggestion may cause difficulty in the case of some business houses carrying on business in India from exercising the vote. We accordingly recommend the inclusion of a suitable provision in the rules that the paid up capital should not be less than Rupees one lakh or its equivalent in any other currency at par of exchange.

(b) One seat has been allotted under the Government of India Act to Commerce and Industry in the newly constituted province of Orissa. The Local Government recommended that this seat should be filled by the Orissa Chamber of Commerce, but the Hammond Committee doubted the advisability of allotting the seat to a body which had either not come into being or was in the process of formation. We have carefully considered the claim of this Chamber which came into existence in the year 1931 and has been endeavouring to serve the needs and to promote the commerce and industry of the province. Its claim to recognition is, in our opinion, sound and we support the proposal of the Local Government for the allotment of the Commerce seat to this Chamber.

(c) We have also considered the claim of the Bengal Mahajan Sabha to one of the Commerce seats in Bengal. This organisation is at present represented both in the Bengal Legislative Council and the Central Legislature; the Local Government did, in fact, recommend the continuance of this representation. We are averse as a general principle to disfranchising an existing constituency. We therefore recommend that the representation of this Sabha should be maintained and that this may be effected by giving to it one of the additional Commerce seats in Bengal allotted to the Indian Tea Association or to the Calcutta Trade Association.

(d) We recommend also that—

- (1) The United Provinces Chamber of Commerce;
- (2) The Merchants Chamber, United Provinces; and
- (3) The Indian Chamber of Commerce, Punjab, should be included in the electorate for the seat allotted to the Northern India Commerce in the Federal Assembly.

Residential qualification of candidates.

7. We are unanimously of the opinion that there should for the new constitution, be only one residential qualification for candidature, that is, a candidate should reside or have a place of business in the province. So long as he is registered as an elector on any electoral roll of the province and not otherwise disqualified he should be eligible to contest any seat in the province.

Labour.

8. (a) We regard it as of importance that the Trade Union Movement in India should be fostered and encouraged. With this object in view we recommend generally the reservation of more labour seats for registered trade unions provided the unions satisfy the tests laid down by the Hammond Committee with this variation that unions need not have been in existence for more than six months.

(b) In Assam we recommend that one of the four labour seats should be given to non-plantation workers especially those in the collieries, oil fields and the railways.

(c) Regarding plantation labour in Assam we suggest the removal of restrictions both as regards the franchise being conferred on certain castes or tribes only and the residential qualification. We propose the extension of the right to all workers on the plantations, whether residing there or not and regardless of caste or tribal or residential considerations.

(d) We consider it essential also that sardars and other members of the supervisory and recruiting staff in Assam as elsewhere should be disqualified from being candidates for the labour seats.

(e) We are unable to accept the Hammond Committee's recommendation that for indirect elections, whether in a trade union or unorganized labour constituency, the electoral roll must be prepared by the employer whether the Manager of a railway, a mine or a factory. In all cases the preparation of the electoral roll must be undertaken by the Government and the responsibility should not be shared with anyone else.

Qualifications of electors for the Federal Legislature.

9. There is a strong demand for the lowering of the qualifications of voters for both Chambers of the Central Legislature from Delhi and Ajmer-Merwara as also from the Council of State from Orissa. The Committee see the reasonableness of the demand but as His Majesty's Government, in White Paper published on 1st October, 1935, have already set out the qualifications which they propose to recommend to Parliament, the matter is for His Majesty's Government to decide.

Income-tax qualification.

10. In paragraph 490 of the Report the Hammond Committee recommend that a rule should be enacted, that the income-tax authorities, if so desired by the assessee, should indicate on a receipt granted to him the amount of income derived from trade, commerce or industry on which he has been assessed to income-tax. We have considered this proposal and would advise that the declaration by the income-tax authorities should not disclose the actual figure of income but should only indicate that the income is sufficient to entitle the assessee to be placed on the electoral roll.

The electoral roll.

11. We consider that every possible facility should be afforded by the registering officers to all classes of enfranchised voters whose names are to be brought on the electoral roll on their own application. The officers charged with the preparation of the roll should make it a point while preparing the rolls for other kinds of voters to obtain applications from all who are required to apply.

We are also of the opinion that permanent revising authorities should be appointed to maintain the electoral rolls entirely up-to-date.

Filing and scrutiny of nomination papers.

12. The filing and scrutiny of nomination papers and the decisions to be taken on any matters connected with them should, in our opinion, be entrusted to civil judicial officers only.

Secrecy of the Ballot.

13. We have given the closest consideration to the recommendation made in paragraph 740 of the Hammond Committee's report. We feel strongly that this recommendation is destructive of the true principle of voting by ballot and the freedom of the vote. The endeavour of all advanced constitutions is to preserve the freedom of the vote: the result of getting the ballot paper marked by or shown to another individual is to destroy this freedom. It will be particularly irksome under the new order when owing to a large increase in the number of voters it will be necessary to seek the assistance of all sorts of literate Government officials and others irrespective of their status or position, for meeting the heavy demand of election and polling. We attach the greatest importance to the secrecy of the ballot and recommend that the system of voting by means of coloured boxes with or without symbols should be uniformly adopted. We consider further that the place screened for voting should not be attended by any person other than the voter himself. It should be open to an officer appointed for the purpose to enquire from any voter on his return from the spot screened for polling if he had used his ballot paper, and in case of doubt to satisfy himself on the point. Should a voter intentionally leave the voting chamber without surrendering his ballot paper he should be rendered liable to punishment.

Polling arrangements for women.

14. The polling booths should, we are of opinion, be so arranged as to ensure satisfactory *purdah* arrangements for women voters. As far as practicable, the polling officers and other staff should in their case be women only.

Postal voting.

15. The system of postal voting is not conducive to the secrecy of the ballot and we accordingly recommend that, except in the case of European and Anglo-Indian constituencies, where it is particularly desired, such a system should not be introduced.

Nominated seats.

16. Under a system of responsible government nomination is clearly ruled out. We are accordingly of the opinion that with the exception of

the Federal Council of State and the Provincial Legislative Councils where nominated seats have been provided by the Government of India Act no seats should be set aside for nomination. The four seats to be filled in by nominations in the provincial Assembly of Orissa should be filled by election.

University seats.

17. The condition about registration of Graduates for the University franchise is entirely unacceptable to us. We recommend that registration be dispensed with and that every Graduate of five years' standing or more should be entitled to vote.

Miscellaneous.

18. We recommend that one more seat be assigned to Almora in the United Provinces Lower House from another constituency such as Pilibhit or Unao.

We also recommend that the Assam Government's proposal regarding the distribution of the Muslim seats between the Surma Valley and the Assam Valley in the proportion of 22 to 12 for the Lower House in the Provincial Legislature be accepted.

We deprecate the suggestion contained in paragraph 281 of the Hammond Committee's report with reference to the scheduled caste primary elections that "executive orders might well be issued to District Officers to encourage and facilitate candidature, where this was thought necessary", and also the suggestion made in the same paragraph in regard to discouraging withdrawals.

Conclusion.

In conclusion we need only observe that although we have scrutinised the Hammond Committee proposals with the utmost care, we have purposely refrained from suggesting alterations in matters of detail except in a few isolated instances where the danger of grave injustice was apparent, we have confined our attention only to the larger issues and particularly those in which questions of principle were deeply involved. Nor should it be thought that we have acted in excess of the powers conferred on us by venturing criticism on matters which relate *prima facie* to the provincial sphere. The provincial legislatures are to form the electoral colleges for

providing candidates for the Federal Assembly and any proposals which are likely to affect their composition automatically affect the Federal Assembly.

*A. C. DATTA.

*MATHURADAS VISSANJI.

*K. L. GAUBA.

*M. S. ANEY.

*N. M. JOSHI.

*S. SATYAMURTI.

*M. C. RAJAH.

*M. ASAF ALI.

*†GHULAM HUSSAIN HIDAYATALLAH.

†MANGAL SINGH.

G. B. PANT.

*ABDUL MATIN CHAUDHURY.

†COWASJI JEHANGIR.

*BHULABHAI J. DESAI.

†L. HUDSON.

*NILAKANTHA DAS.

†HENRY GIDNEY.

†MUHAMMAD NAUMAN.

*MOHD. YAKUB.

* Subject to a supplementary note or notes.

† Subject to a minute of dissent.

‡ Subject to a note.

NOTES.

PROPOSAL FOR THE MODIFICATION OF THE RECOMMENDATION OF THE INDIAN DELIMITATION COMMITTEE, REGARDING THE METHOD OF VOTING IN PLURAL-MEMBER CONSTITUENCIES WHERE RESERVATIONS ARE MADE FOR THE SCHEDULE CASTES.

I have already explained my views on the recommendations of the Committee which relate to the Scheduled Castes, when I made a speech in the Indian Legislative Assembly on the motion that the Indian Delimitation Committee Report be taken into consideration on the 6th March, 1930. I am, however, submitting this short note to bring out the main points that in my opinion deserve to be considered by Government.

The main objects of the Poona Pact are to prevent any division in the Hindu community and to preserve Hindu solidarity by keeping the Scheduled Castes within the Hindu fold.

The Poona Pact necessitates the reservation of seats for Scheduled Castes in General Constituencies. The Primary Election is intended to obtain candidates of their own choice,—candidates whom they have themselves first approved. This primary electorate is nothing but a separate electorate.

The final electorate is a joint electorate intended to give the caste Hindus a voice in the final election of the Scheduled Caste candidates, and the Scheduled Castes a voice in the election of the caste Hindu candidates.

These are the fundamental principles of the Poona Pact. These cardinal principles should be borne in mind while adopting the system of voting in the plural-member constituencies, where seats are reserved for the Scheduled Castes. So far as the single non-transferable voting is concerned, the Indian Delimitation Committee has rightly rejected this method of voting, saying that "its adoption at final elections, in constituencies in which seats are reserved for the Scheduled Castes, would be contrary to the spirit of the Poona Pact", as the essence of the Pact is "combination and mutual exchange". (Paragraphs 46 and 283.)

Rejecting the single non-transferable voting, the Indian Delimitation Committee recommends the system of cumulative voting. Cumulative voting obtains the same result as single non-transferable voting in a plural-member constituency. Multiple vote with cumulative power is same as single non-transferable vote. In cumulative system of voting the caste Hindu voters will plump their votes among caste Hindu candidates and the Scheduled Castes voters will plump their votes amongst the Scheduled Caste candidates and this virtually will become another separate electorate—a double distilled separate electorate. Where there are more candidates than one belonging to the caste Hindu or Scheduled Caste, or belonging to the same group or party, this system will produce an uncer-

tain element. This will bring about cleavages in the Hindu community. Both single vote and cumulative vote will perpetuate caste, communities, and communalism; and communal strife and communal feeling and class antagonisms will develop and increase.

It is argued that this system of voting will secure minority representation in the Legislature. It should be noted that protection for minorities has been afforded by provisions of the Government of India Act, with reservation of seats for women, the Scheduled Castes, Muslims, Sikhs, Anglo-Indians, Europeans, Labour and for the backward classes. So, special protection to minorities within the Hindu fold is not needed at all, for that will further divide and disintegrate the Hindu society.

The cumulative system of voting, as pointed out by the Madras Government in their G. O. No. 355, dated the 19th August, 1935, is a complicated method of voting. Cumulative method of voting will lend itself to new forms of corruption, inasmuch as a candidate will be permitted to canvas not only for one vote but for more than one vote, for as many votes as a voter can give. It will be a greater incentive to the voter to sell his votes and a greater encouragement to a rich man to buy up all the votes. Thus, it will be seen that this system of voting will just open the door for corruption on the part of the moneyed candidates to bribe the Scheduled Caste voters to plump their votes in their favour. The chances of a Scheduled Caste voter parting with his votes to a caste Hindu candidate for some consideration will be greater when he has more votes to give, and the tendency to tamper with his votes on the part of the caste Hindu candidates will also be greater. In no event will the Scheduled Caste seat be lost as it is reserved for a Scheduled Caste candidate, but the best and the ablest candidates will not be returned. With a seat guaranteed to the Scheduled Caste corruption will be resorted to safely. I trust that the Government will not be a party to breeding an endless possibility of corruption by the Cumulative system being recognised. Corrupt influences prevail in all systems of election, but the scope for corruption will be the least in Distributive voting. The Distributive system of voting is the best suited for the Scheduled Castes. This system of voting is in practice throughout India, except Bombay. Our men have been accustomed to this system of voting for the past sixteen years. This is the system in vogue in elections to Local Boards also in my Presidency. The Scheduled Castes have reservation of seats in joint electorate for District Boards, Municipal Councils, and Panchayat Boards, and they had this system even in Taluq Boards when they were in existence, and the system works admirably well. There are even instances where Scheduled Caste members who have been returned to Local Bodies by this method have been elected as Presidents and Vice-Presidents of some of these Bodies. Moreover, under this system of election, there is much scope for compromise between groups or parties and for preserving stable government.

M. C. RAJAH.

NEW DELHI;

The 14th March, 1936.

**A NOTE ON THE DISTRIBUTION OF SEATS IN THE ASSAM LEGISLATIVE ASSEMBLY
BETWEEN THE MUSLIM CONSTITUENCIES OF SURMA VALLEY AND ASSAM
VALLEY.**

In their report the Indian Delimitation Committee makes the following observation with regard to the political situation in Assam, under the heading the rival claims of Assam and Surma Valleys: "The second question impressed us as the question of vital importance in the delimitation of territorial constituencies in Assam. A rivalry of long standing into the historical reasons for which it is unnecessary to enter divides the two valleys in one or other of which, practically all of Assam is situated, which is not an excluded or partially excluded area. So acute is the rivalry that it transcends communal and caste differences; the line of division in Assam politics is primarily not between Hindus and Muhammadans or on caste lines but between the inhabitants of Assam Valley and Surma Valley." In the light of this fairly accurate appreciation of the political situation in Assam the question of distribution of seats between the Surma Valley and the Assam Valley in Provincial Assembly acquires added importance.

Under the Communal Award 34 seats have been allotted to the Mussalmans in the Assam Legislative Assembly. According to population basis the Mussalmans of Surma Valley are entitled to a little over 22 seats and those of the Assam Valley a little below 12. The majority of the Provincial Franchise Committee recommended (Sylhet members dissenting) that 13 seats should be allotted in the Lower House to Assam Valley and 21 to Surma Valley. This recommendation was backed up by a Resolution in the Assam Council where Surma Valley members are in a minority. The Local Government held the view that it would not be correct to deprive Surma Valley of a seat to which it was actually entitled on population basis. They proposed to the Delimitation Committee to allot 12 seats to the Assam Valley and 22 to Surma Valley. But contrary to the recommendation of the Local Government the Delimitation Committee have allotted 13 seats to Assam Valley and 21 to Surma Valley—a decision which has caused widespread discontent and dissatisfaction among the Mussalmans of Surma Valley.

If we take up voting strength as a criterion according to Local Government's proposal 198,000 Muslim voters in the Surma Valley were allotted 22 seats, with an average voting strength of 9,000 for each constituency while the Assam Valley Muslim voters numbering 72,000 were allotted 12, the average for each constituency being 6,000. Even in the Assam Government's proposal the scale was weighted in favour of the Assam Valley and the Delimitation Committee has gone one better by allotting another extra seat to that much favoured territory. The result has been that 15,000 Muslim voters in Kamrup District in Assam Valley have secured three seats and to facilitate the bestowal of this generous gift the Delimitation Committee have combined into a Single Constituency the Habiganj and Nabiganj thanas—which formed two separate constituencies according to the Assam Government's proposals—with a total voting strength of 16,000, numerically the highest Muslim Constituency in the Province. It may be noted that in Assam Valley Muslim Constituency has been formed with as low a voting strength as 2,000. This recommendation of the Delimitation Committee means not only a grave injustice to the Habiganj-Nabiganj Constituency in the Sylhet District but it also places the Surma Valley Mussalmans at a comparative

disadvantage *vis-a-vis* the Mussalmans of Assam Valley and weakens their position in the Provincial Assembly.

This unfair allotment of extra seat has been sought to be justified on the ground of growing population of Assam Valley. While during the years 1921—31 the Muslim population in Surma Valley increased by about 2 lakhs in Assam Valley the increase was in the neighbourhood of 3½ lakhs a difference hardly justifying departure from the normal considerations of population basis. The basis of allotment should be present actual population and not hypothetical conjectural position in years to come. The percentage of increase given by the Hammond Committee is misleading inasmuch as on percentage basis even a large increase amongst larger population is dwarfed by small increase in small population. We therefore recommend that the Assam Government's proposal of 22:12 be accepted as between Surma Valley and Assam Valley. }

ABDUL MATIN CHAUDHURY.

MUHAMMAD YAKUB.

GHULAM HUSSAIN HIDAYATALLAH.

S. SATYAMURTI.

N. M. JOSHI.

HENRY GIDNEY.

M. C. RAJAH.

M. ASAF ALI.

MATHURADAS VISSANJI.

1. *Re-adjustment of seats.*

Urban areas are abode of intelligentsia and deserve more seats. Specially Patna, the capital of Bihar is centre of learning, culture and wealth and has better claims as compared to less important districts in Bihar like Purnea district. Muhammadan Urban Patna division should be given 3 instead of 2 and Patna Rural Muhammadan should have 3 instead of 2 as proposed. Under Chelmsford-Montague Reform, Patna Rural and Urban possess 3 out of total of 18 Muhammadan Members in existing council and I propose Patna should be maintained on same ratios when seats have been increased from 18 to 40 Muhammadans.

2. Landholders' Constituency.

Landholders' Constituency in Bihar should be created a Multi-member constituency. Muhammadan Landholders who are a minority in province have no chance of representation without this and I propose method of voting to be "Plural Voting". In the Punjab this view point of insuring Minority Landholders representation has been accepted by Delimitation Committee and I rely on same arguments for Bihar Muhammadan Landholders.

3. Commerce qualification.

The mere fact of membership of a Chamber should be considered real qualification for Commerce seats through Chamber and this privilege of Chambers should not be interfered with. If qualification criterion has at all to be fixed I think it should be Rs. 25,000 paid up capital of Registered companies and payment of Income-tax on Rs. 2,500 within 5 years. In the interests of smaller traders this protection of lowering the qualification is essential and necessary.

Relying on the Evidence embodied in the Delimitation Committee Report, Volume III, page 174, I think Muslim Chamber of Commerce, Calcutta, the only Muslim Organisation of importance should be given one separate seat in Federal Assembly. If this be not possible I propose an electoral college of 26 members of following Chambers and Associations for returning 3 members to Federal Assembly and creating this Commerce Constituency a Multi-member constituency.

(1) Bengal Chamber of Commerce . . .	5
(2) Indian Jute Mill Association . . .	5
(3) Muslim Chamber of Commerce . . .	4
(4) Indian Chamber of Commerce . . .	4
(5) Bengal National Chamber of Commerce . . .	4
(6) Marwari Chamber of Commerce . . .	4
	<hr/> 26 <hr/>

This will not at least eliminate chances of Muslim representation which it does in the present proposed electoral college.

MUHAMMAD NAUMAN.

The 17th March, 1936.

There are many discrepancies in the grouping of urban and rural constituencies in the report and no one can dispute that there is considerable room for improvement. I will cite here one or two instances. I find that in the United Provinces Muhammadan Urban constituencies Nagina is grouped with Meerut, Hapur, Bulandshahr and Khurja. This arrangement is unfair to Nagina as well as to Meerut. Particularly the former loses its importance in this grouping. Similarly the important town of Sambhal has been wronged by its being grouped with the distant-lying

cities of Budaun and Shahjehanpur. Under these arrangements it will not be possible for Muslims of Nagina or Sambhal to succeed in securing a seat for their representatives. When population of 44,000 are given a seat in the proposals it is not too much to expect that these two cities should be detached from these larger combinations and grouped with adjoining cities in a manner that the importance of these two cities is not jeopardised. I strongly appeal for a regrouping of urban constituencies to secure this end.

MUHAMMAD YAQUB.

A SUPPLEMENTAL NOTE ON MULTI-MEMBER vs. SINGLE-MEMBER CONSTITUENCIES IN MADRAS.

In principle, we are in favour of single-member constituencies. They help the poorer candidate, help to establish intimate contact between the member and his voters, and help the formation and growth of well-defined political parties.

But, we recognise that in the present state in India, single-member constituencies may do some harm by helping to promote sub-caste or sub-communal feeling. We also recognise that public opinion in the Province, and the Hammond Committee acting on that opinion favour the creation of about 80 multi-member constituencies besides those considered necessary by the Poona Pact. But we understand that in all multi-member constituencies, the system of cumulative voting recommended by the Hammond Committee may be accepted by His Majesty's Government. We unhesitatingly prefer single-member constituencies, to multi-member ones, with the system of cumulative voting. We would prefer, if we can get it, for some time in Madras, multi-member constituencies with the distributive system of voting. Since we cannot have them, we prefer single-member constituencies.

S. SATYAMURTI.

M. C. RAJAH.

Proposals regarding Labour.

1. In addition to the proposals made by the Committee regarding labour I make the following proposals:—

(A) *The distribution of seats between Trade Union and special labour constituencies should be as under:—*

(1) All the seats in the Federal Assembly except the one in Assam should be assigned to Trade Union Constituencies.

(2) (a) In regard to the distribution of labour seats in Provincial Assembly I propose the allocation of at least one more seat to registered trade unions in Madras, namely those in the City of Madras and the Districts of Chingleput North and South Arcot. I also suggest the inclusion

of Madura and Tinnevely Districts in the special labour constituency of the textile workers in Coimbatore and Malabar.

(b) In Bengal I suggest the allocation of two more seats to registered trade unions—one more to Railway unions and the other to unions in Calcutta and suburbs, other than those of Railwaymen and water transport workers. I suggest that the Calcutta special labour constituency should be converted into Trade Union constituency. I also suggest that the amalgamation of the two separate territorial labour constituencies of Barrackpore and Hooghly cum Serampore into one, the extra seat being given to Railway trade unions.

In Bihar, where only one seat has been proposed for trade unions, I suggest the addition of another, namely of Metal Workers' Union at Jamshedpore, in the place of the special labour constituency as suggested by Hammond Committee.

(B) Qualifications of voters and candidates for labour seats.

(a) Regarding the qualifications of voters and of candidates, I suggest the removal of the minimum limit of wages of Rs. 10 per month for the enfranchisement of workers. I also suggest the removal of the anomalous restriction in regard to Railway workers that only those resident in the province in which their union is registered should exercise the vote, since the majority of the great Railway systems in India run through more than one province.

(b) Any member or official of any registered Trade Union in a province should be qualified to be a candidate for a Trade Union or a special labour constituency. Otherwise the field for candidature will be extremely limited and many deserving Trade Unionists will be unable to be candidates.

(c) I suggest that members of trade unions including their officials in Assam, Bengal, Bihar and Orissa should be permitted to offer themselves as candidates for the plantation labour seats in Assam and Bengal.

(d) I regard it as essential that sardars and other members of the supervisory and recruiting staff in Assam as well as elsewhere should be disqualified from being candidates.

(e) I do not accept the view that the Trades Union Act of 1926 needs any amendment of the kind proposed. It would be amply sufficient if the Tribunal to be appointed for assessing the membership of a trade union should also be empowered to examine the registers, account books and other relevant documents of registered trade unions for the purposes of the elections.

Other proposals.

2. My inclination is in favour of multi-member constituencies and cumulative system of voting.

N. M. JOSHI.

While I approve all the recommendations of the Select Committee, I think it my duty to make my position clear with regard to the observations and recommendations made by the Hammond Committee in regard to the distribution of seats between Berar and Central Provinces in paras. 187—199, Volume 1 of their report. The Select Committee was perhaps right in not going into this question and opening for fresh consideration the above recommendations of the Committee. They had neither the time nor the necessary materials before them, to come to any definite conclusions. But I am afraid that I'll be understood as having acquiesced in the recommendations of the Hammond Committee if I do not express my dissent from them in unequivocal terms.

Berar is allotted 29 seats out of a total number 112 for the whole province. Leaving aside 14 seats reserved for the special constituencies, and 34 seats for the two communal constituencies, *viz.*, the Muhammadan and the scheduled castes the total seats in the general constituencies available for distribution between Berar and C. P. were 64. The Delimitation Committee have allotted only 16 out of these seats to Berar which means 25 per cent. of the total number of seats.

The Committee observe in para. 197 "we accept as sufficient justification for the continuance of some degree of weightage. The fact in the first place that Berar has consistently enjoyed a very substantial weightage since the introduction of legislative institutions in the Central Provinces. Secondly, we recognise that the franchise qualifications, embodied in the Government of India Act, do to some extent tend to militate against the raising of the electorate in Berar to the same relative standard as that in the Central Provinces. We are disposed finally to see considerable force in the contention that, by losing her special rights in regard to legislation, Berar is deprived of a privilege which has a definite value of its own, and the disappearance of which can reasonably be taken into consideration in connection with the allocation of representation in the new legislature." These observations in my opinion establish an incontrovertible case for weightage to Berar.

Now if we exclude out of the general population of C. P. and Berar all classes for which special representation has been provided by the Government of India Act, Communal Award and the Poona Pact, *viz.*, the scheduled castes, the Aboriginal tribes, Muhammadans, Anglo-Indians, and Europeans, the figure of the general population of C. P. and Berar stands approximately 11,887,000. Berar population excluding the above classes is but 1/5th and 4th of it. So the allotment of 16 seats out of 64 clearly means practically very little weightage to Berar for which the Committee themselves have made out such a strong case in the above observations.

Berar representation in the elected members of C. P. Council from 1911 to 1936 has always been almost one-third. Besides this Berar had several other safeguards such as its right to have its legislation by a Berar Legislative Committee and the Sim-Formula which was accepted by the Government. When all these safeguards are now being removed, there is a case for a much greater weightage than what was conceded to Berar in the previous constitutions. But the Delimitation Committee have not only not retained the old weightage but as I have shown above practically done away with the weightage altogether by reducing it to a very small figure. In my opinion the least the Committee should have done.

was to allot 21 seats out of 64 seats in the general constituencies besides the seats which are allotted to it in the special constituencies, which are not at all governed by considerations of numerical strength in the population. The total number of seats allotted to Berar would have thus been 34 and not 29. The demand of the Berar All Parties Committee was for 37. I think however that 34 would have been eminently equitable, and just to the parties concerned.

But the Delimitation Committee did not even accept the recommendation for 30 seats for Berar made by the Local Government and reduced the number to 29. Berar rightly feels it a great injustice done to her. The contribution of Berar to the provincial revenues is a little more than one-third. The total surplus from the Berar revenues during the last 32 years at an average rate of 60 lacs per year is over 19,20,00,000, without this surplus from Berar revenues C. P. cannot balance its annual budget. This therefore represents the amount of subvention made to C. P. by Berar, during the last 32 years; and it is called upon to share alone in future also the same burden, which ought in justice and equity to be shared by the whole of British India, just as in the case of Sind, N.-W. F. and Orissa. If Berar clamours loudly for an adequate and effective representation in the coming provincial Assembly, where the majority is interested in its exploitation no reasonable man can under the above circumstances regard her demand as extravagant or excessive. While every other minority in India, territorial, communal or vocational had more or less succeeded in being better off for the purpose of representation under the coming constitution in British India, Berar is the only province which failed to get the justice. Its claim for separation is turned down, its demand for even the retention of the *status quo* in the matter of representation is entirely disregarded.

M. S. ANEY.

17th March, 1936.

I consider the qualifications prescribed by the Hammond Report (Volume I, Ch. 9, page 177), and accepted by the Qualification for Electors and Candidates. Assembly Committee appointed to consider this Report, to be retrograde, and against the best interests of the Commercial representation. The Hammond Report says:

“A person shall be qualified to be included in the Electoral Roll of a Commerce, Industry, Mining or Planting constituency.....

- (i) if his name is included in the list of members for the time being in force of the Chamber forming such a Constituency. ‘Person’ shall include a firm, Hindu joint family, an incorporated company, or corporation.

A firm or a Hindu joint family concern or an incorporated company or a corporation included in the electoral roll of a Commerce Constituency may nominate representatives, not exceeding

three who shall be entered in the electoral roll of such constituency as such representatives, any one of whom, but not more than one, shall be entitled to vote for such firm, Hindu joint family, concern, incorporated company, or corporation.

Explanation.—Such representatives shall be, in the case of a firm or Hindu joint family concern, any member thereof, or a person authorised by a power of attorney or letter of procuration to sign its name in the ordinary course of business, and in the case of an incorporated company or corporation, any director, managing agent, manager or secretary thereof, or a person authorised in its behalf by a power of attorney or letter of procuration to sign its name in the ordinary course of business.

(ii) and if,

(a) in the case of a firm, a Hindu joint family concern, or an individual, it or he is engaged in trade, commerce, or industry, and in any one of the five income-tax years immediately preceding the preparation of the electoral roll has been assessed to income-tax on an income of not less than Rs. 10,000 derived from trade, commerce, or industry.

(b)

Explanation.—The word 'trade' shall be deemed to include Banking, Insurance and Transport.

This qualification for electors and candidates is retrograde, and has been objected to by all commercial bodies themselves. The main reasons for these objections are:—

- (1) The restrictive qualification for electors to the Legislatures will create a double set of membership for a commercial organisation, which will tend to create a needless cleavage and internal differences of a most undesirable character;
- (2) The intentions of the Hammond Committee, in providing such a restrictive qualification, *viz.*, that the candidate of such an organisation should be a man of status and experience, and should be able to speak with authority and knowledge on the matters concerning the commercial community, will not be served by this device. The authority of a Member representing such a constituency depends on the degree of confidence reposed in him by his constituency, and not so much on the size of his income. And as for knowledge, the actual experience of a particular business does not necessarily connote such a command of the general principles of national policy relating to trade, commerce and industry, which are the prime requirements for the satisfactory and efficient discharge of a representative's duty towards his constituency. Here, also, the size of an income, or even the source from which it is derived, may be no real indication of the extent to which the elector or candidate is really qualified for the purpose intended by the Hammond Committee.

- (3) There might be a tendency, if these restrictive qualifications are insisted upon, for many of the present members of the commercial organisations forming constituencies to retire from membership,—especially those whose incomes are just on the margin. Rather than permit inconvenient inquiries about their incomes, people would prefer to withdraw themselves from such constituencies. If this tendency becomes emphasised, there may be a serious danger of the commercial constituencies becoming progressively less and less representative of the commercial community, rather than more truly representative as the Hammond Committee were persuaded to believe their recommendation would result in. Commerce and Industry Chambers would then tend to become closed corporations, with all the evils that such a state of things would imply.
- (4) In older Chambers, particularly, there are members, who may have retired from active business, but whose experience of business conditions, and whose grasp of the main principles to regulate the national policy affecting these interests may be too great to be easily sacrificed, may become disqualified from voting or from being elected, under these restrictions. For their present income, for the last five years, may not be derived from any trade, commerce or industry, as required by the recommendation under discussion; and so they would not be entitled to vote at such elections, and much less to stand for election. This, too, would not be in the best interests of the commercial community themselves, let alone the demands of national solidarity.
- (5) There has been, admittedly, such a severe and prolonged depression, that many individuals or firms may not have earned Rs. 10,000 from their trade, industry or commerce. They may nevertheless be interested intimately in all questions of commercial policy; and yet they would be excluded from the electoral roll, and from chance of offering themselves for election, however desirable they may be as representatives for such constituencies.
- (6) There will be serious disputes on points of interpretation, as to the real meaning of these restrictions. If, in the case of Companies, Directors, Managing Agents, and Managers as well as Secretaries are to be entitled to vote,—and shareholders, as such, not so entitled, there may be the anomalous spectacle of the proprietors of a concern being disqualified, and their servants being entitled to vote. On the other hand, the mere receipt of dividends from a joint-stock Company of a size sufficient to come within these restrictions, does not necessarily suggest any real concern in the industry,—though it may be quite possible for rich individuals to obtain sufficient qualifying shares for such purpose, and so obtain the necessary qualification. It would place a premium on electoral manipulations, which may not be desirable from any standpoint.

Again, Secretaries and Managers may have very little knowledge of the broad policies affecting the business of their own concern in which they are paid officials; and much less could they be always expected to have any grasp of the principles of national policy concerned in such matters.

There are, moreover, Associations, who are members of older commerce organisations in their collective capacity, and who would presumably be treated as corporate members entitled, in respect of their collective income, to be on the electoral roll of such a constituency. The Secretaries of such associations may have no connection, personally, with any business carried by individual members of the Association; and yet he would be entitled to be placed on the roll, if his association gives his name as one of its representatives.

I would, accordingly, suggest that the simple qualification of membership of a given commercial organisation, forming a constituency for electing representatives, be deemed sufficient; and that no additional qualifications, which would discriminate between the several classes of members of such bodies, be insisted upon. The former practice has obtained all these years, and has never resulted in any complaint or incident, wherein it could be said the commercial community was itself dissatisfied by the quality of its representation, or the capacity of its representatives.

I would also object to the appointment of Government officers for the preparation of the Electoral Rolls for such constituencies, and to serve as returning officers. For all these years past, the Secretaries of such bodies have functioned as Returning Officers for their Chambers, and no exception has ever been taken, or complaint made, about their efficiency and competence to discharge these functions. The Hammond Committee have given no reason for suggesting this change; and the Commercial Organisations themselves have objected to it. The cost of an outside agency functioning for such purpose would be a needless burden. In view, moreover, of the additional qualifications for electors and candidates suggested by the Hammond Committee, an outsider to be a returning officer would be particularly undesirable. The determination in each disputed case, whether or not a given member was entitled to be a voter or candidate would involve considerations and require personal knowledge of the parties, which only the officers of the Chambers concerned can command. Disputants themselves would be unwilling to lay before an outsider considerations which they may find innocuous, relatively speaking, to urge before their own Secretary who has known them and their concerns for years past. No undesirable publicity would occur, no unnecessary inquisition needed to determine such points, when the Chamber's own officers are the roll-preparing officers and the returning officers. For all these reasons, the commercial community is against this proposal of the Hammond Committee.

MINUTES OF DISSENT.

Paragraph 2 of the Report—Single versus Multi-member constituencies—

We are of the opinion that multi-member constituencies should be constituted in the Province of Sind, irrespective of the cases of Madras and Bombay.

MANGAL SINGH.

GHULAM HUSSAIN HIDAYATALLAH.

A NOTE ON RURAL AND URBAN CONSTITUENCIES.

The criticism of the recommendations of the Delimitation Committee relating to urban and rural constituencies applies with the greatest force to the proposals relating to the Punjab. In the Punjab the urban constituencies have been formed arbitrarily and on principles that have been rejected as unsound for other provinces. In the Punjab every small township of 7,500 population has been severed from the rural area in which it is situated and grouped with towns, big and small, with which it cannot possibly have greater identity of interest than the district or tehsil in which it is itself located.

There may be some justification for the Delimitation Committee's proposals so far as general urban constituencies are concerned but none whatever in regard to Muslim and Sikh constituencies. Many constituencies are entirely unwieldy in size and unnatural in complexion. Urban constituencies should be confined to such places as Lahore, Amritsar and such places as have a distinctly urban characteristics—say towns of a population of 40,000 or 50,000, even if a redelimitation results in a reduction of the number of urban seats and in an increase in rural seats.

K. L. GAUBA.

GHULAM HUSSAIN HIDAYATALLAH.

18th March, 1936.

I agree with the principle of this note.

G. B. PANT.

18th March, 1936.

While appending my signature to the Report, it must not be held to constitute agreement with every detail of its views. Time did not permit of more than a cursory examination of the main problems covered by the Report of the Delimitation Committee, and I have been obliged to make certain reservations.

L. HUDSON,

6C. Apart from the merits of the case, which have been decided upon by the Hammond Committee I cannot agree to the reinstatement of the Mahajan Sabha at the expense of one of the European Commerce seats.

6D. I prefer the Hammond report decision.

L. HUDSON,

8A. As no representative of unorganised labour was present on the Committee to present their views we feel some apprehension of their losing representation already provided for in the Hammond Committee Report.

L. HUDSON,

COWASJI JEHangIR.

Postal Voting.

Para. 6, Part I of Appendix III to the White Paper of 1933 recommended a postal ballot for the election of Anglo-Indian members to the Provincial Legislative Assemblies. A reference to the Delimitation Committee Report (pp. 209—211) however, shows that for Bengal, Bombay and the Punjab, the Committee has not accepted this recommendation. In the Punjab the Committee has recommended direct voting. In Bombay one seat has been reserved for "Bombay City and Suburbs" and the other for the "rest of the Province". The Committee has recommended direct voting for the Bombay City and Suburbs constituency, and voting through Collectors and Mamlatdars for the other constituency. In the case of Bengal the Committee has suggested direct voting in those areas where Anglo-Indian electorate is sufficiently compact and postal voting in other areas.

In the course of the constitutional discussions, the community has always demanded postal voting for the election of Anglo-Indian members to the various legislatures. This demand was based on the experience of the elections held in Bengal under the present constitution. The majority of the Anglo-Indian voters are employed on Railways, Telegraphs, Customs, Port Commissioners, etc., departments where, owing to the varying hours of duty, all the voters will not be able to exercise their vote on any given day. In the Railways in particular, nearly half the voters will be on the line away from their ordinary place of residence. In order to enable the entire Anglo-Indian electorate in any province to exercise its votes, if direct voting is insisted on, it will be necessary to establish numerous polling booths throughout the Province and to allot two days for voting. Considering the fact that the strength of the electorate is not very large and the constituency covers the entire province, direct voting will be most expensive and unnecessarily cumbersome both from the points of view of the Government and the candidates standing for election.

It is for these reasons that I recommend that for purposes of election of Anglo-Indian members of the Provincial Legislative Assemblies in all Provinces voting should be by post only.

Anglo-Indians in Sind.

The Anglo-Indian community in Sind has been denied any representation in the Provincial Assembly. Having regard to the fact that it is not within the competence of this Committee to recommend any alteration of the prescribed distribution of seats I desire to confine my remarks to the delimitation of the existing constituencies in such a manner as would ensure the community an effective voice in provincial elections.

The strength of the community in the province is estimated at about 7,000. The census figures are admittedly incorrect because a large majority of the community, even according to the Census Commissioner, declared themselves Europeans or were recorded as such by the enumerators. The average tax paid by members of the community per head is almost equivalent to ten times the average tax *per capita* by the two major communities, and the entire community is literate. On these grounds it is undesirable that the community should be denied a voice and participation in local legislation.

Under the Montagu-Chelmsford Reforms, the community in Sind and Bombay was granted representation in the Bombay Legislative Council by means of a nominated representative. On the basis of the opinion expressed by the Committee that they are averse to disenfranchising an existing constituency, the Anglo-Indian community in Sind is entitled to consideration in its demand that it should not be disenfranchised in the future. The only way in which the community can be enfranchised is by enabling the community in the Province to use its voting strength in the best manner possible. With this end in view I request that a composite electoral roll be prepared of Anglo-Indian voters in the mofussil areas in Sind and that all such voters be attached to one particular constituency, say the Karachi City Southern or the Karachi District or the Upper Sind Frontier. It is only by the adoption of this suggestion that the Anglo-Indian community, which is an important and influential minority in the Province, can be vouchsafed an effective voice in the election of at least one member to the Provincial Assembly.

HENRY GIDNEY.

The single non-transferable vote wherever recommended by the Indian Delimitation Committee should be replaced by the free distributive vote.

NILAKANTHA DAS,
M. ASAF ALI,
S. SATYAMURTI,
BHULABHAI J. DESAI,
M. S. ANEY,
K. L. GAUBA,
MOHAMMAD YAKUB,
A. C. DATTA,
ABDUL MATIN CHAUDHURY.

New Delhi, 18th March, 1936.