19th March 1936

THE

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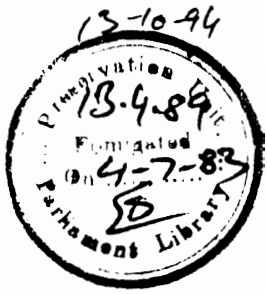
OF THE

FIFTH LEGISLATIVE ASSEMBLY, 1936



NEW DELHI
GOVERNMENT OF INDIA PRESS

Legislative Assembly.

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

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LEGISLATIVE ASSEMBLY.

Thursday, 19th 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.

MOTION FOR ADJOURNMENT.

CONTRACT FOR THE CONSTRUCTION OF THE HOWRAH BRIDGE.

Mr. President (The Honourable Sir Abdur Rahim): I have received notice of a motion for adjournment from Pandit Nilakantha Das who wishes to discuss an urgent matter of public importance, namely, the failure of the Government of India to safeguard the industrial and economic interest of India in connection with the contract for the construction of the Howrah Bridge. I should like to know if this is a concern of the Governor General in Council.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, in deference to the wishes of the Leader of my Party, I do not propose to move it now.

THE INDIAN FINANCE BILL—*contd.*

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

Mr. Ghanshiam Singh Gupta (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I was saying that the Government of India have not got an all-India policy about the land revenue system in India. After the great famine of *Sambat* 53 and 56, the Government of India seemed to realise their duty only after Mr. Rames Chandra Dutt had written scathingly criticising the land revenue policy of the Government of India. Then, the Government of Lord Curzon initiated a certain policy in the year 1902 which has been summarised in paragraph 38 of the book, "Land Revenue Policy of the Indian Government". After that, there has been no new policy up till now. Even the policy, as enunciated by Lord Curzon, has not been followed to the good of the agriculturists or the tenantry. That policy at paragraph 2 says:

> "That in areas where the State receives its land revenue from landlords, *progressive moderation* is the keynote of the policy of Government, and that the standard of 50 per cent. of the assets is one which is almost universally observed in practice, and is more often departed from on the side of deficiency than of excess."

Here it lays down that the policy of the State would be that of *progressive moderation*. But I want to show that it has not been so in practice. The policy, far from being that of progressive moderation, has been one of *progressive exploitation*. And, as I say, I have some

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knowledge of the Division in India, called Chhattisgarh. There, in 60 years, the land revenue has increased 300 per cent. In my own district, the land revenue in the year 1870 was Rs. 3,00,840, and, in 1930, it became Rs. 8,06,526. Now, I ask Government, whether this is *progressive moderation* or *progressive exploitation*. To increase land revenue in 60 years by 300 per cent. is certainly not progressive moderation, but, as I say, progressive exploitation. There is no wonder, therefore, that the people there are very poor. Now, in paragraph 12, again, it is said:

"Greater elasticity in the revenue collection facilitating its adjustment to the variations of the seasons and the circumstances of the people."

This also is a policy which is followed more in the breach than in the observance. When the price level of agricultural produce fell considerably, the land revenue really increased. The land revenue, which was about six lakhs in the year 1928-29, became eight lakhs, and there is thus a breach in this policy also. There is no wonder, therefore, that although, as my Honourable friend on the other side said, there are huge sums of money in the banks, the agriculturist is getting poorer and poorer. Sir, I do not know the conditions of Bengal except from this book: "The Land Revenue Administration Report of the Presidency of Bengal for the year 1934-35". In that report, at page 5, paragraph 9, it is said:

"The number of defaults was 30,646 and the number of sales 1,930, as compared with 31,169 and 1,826, respectively in the preceding year. The number advertised for sale was 19,311."

Now, Sir, after giving the details of the various estates, that were sold, it concludes in this way:

"The average price realised by sale amounted to 2·99 times the Government revenue."

That means that Government take 33·33 per cent. of the value of the land as its revenue in one year. I ask, is it a sound policy for Government to follow? (Interruption from Mr. G. Morgan.) My Honourable friend can correct me if I am wrong; but I will not stand any correction about the Central Provinces to which I am next coming. In this province, the coercive processes, issued for realisation of land revenue, amounted, in the year 1933-34, to 1,645, while they amounted to 1,791 in the year 1932-33. According to the statement F on page 11 of the Land Revenue Administration Report for 1935, 132,710 acres of land were sold for Rs. 13,81,670. That means a value of Rs. 10 an acre, and the land revenue was about a rupee per acre. This is the state of affairs that is brought about in the villages. The Report shows that, in Berar, the total number of coercive processes issued increased from 3,108 to 5,087, or by 30 per cent. Now, I ask my Honourable friend, Mr. Row: do the agriculturists keep their money in savings bank, even though they suffer their valuable land to be sold? Do you still say that the villager is prospering and is better off? The land revenue policy of this Government is responsible for the penury and poverty of the country. It is not the few industrialists who matter, it is the 80 per cent. of population of India, who live in the villages, not in the towns, who matter.

Another factor which is responsible for this state of affairs is the neglect of rice. I want Government to know—I am sure they know—that the major crop of this land is rice. Out of 20 crore, acres of food-grains, eight crore acres represent rice; still we find that no attention is paid to the improvement in the condition of rice, as if there is no room for any investigation and improvement in the rice crop. We have got cotton committees in which lakhs and lakhs of rupees are spent for the improvement of cotton. Why? It is because cotton is mainly not the concern of the villager, but the concern of either Manchester or England, or of the cities of Bombay and Ahmedabad. But I ask, why Government do not think of rice, which is one of the largest crops, and why no attention is paid to it?

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): You grow rice in Bombay and Ahmedabad?

Mr. Ghanshiam Singh Gupta: I am sorry that you do not permit me to grow rice in your mills. That is the reason why the rice crop is suffering the most. I want Government to have a comprehensive all-India land revenue policy, and I shall indicate certain broad facts about it. I do not know whether it will be feasible or whether it will fit in the formula of the financial experts. But if my Honourable friend has the intention, he will certainly find some ways and means.

The first thing is this. The Congress knows the villages and the villagers and the needs of the villagers and the ways and means to ameliorate their condition. One of the means that the Congress would like to adopt is that there should be an immediate reduction of 50 per cent. in the rental demands from tenants and a corresponding reduction in the land revenue demand. That should be the central pivot round which the all-India land revenue policy of Government should be based.

Secondly, in all forms of taxation, there is a minimum which is exempt. For instance, incomes up to Rs. 2,000 a year are exempt from income-tax. Even in municipal areas, certain incomes are exempt from tax, but so far as land revenue is concerned, the agriculturist has to pay it even if he earns only a rupee. Where is the justice in this? I would not like to be referred to authorities in books, because I believe more in natural intelligence than in collected authorities.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Books are on your side.

Mr. Ghanshiam Singh Gupta: You are master of books, I am a plain man, and I want to fight on plain grounds. Why should a man, who is in public service or in the profession of a lawyer or doctor, get exemption if he earns a thousand or two thousand rupees a year, and why should a cultivator, if he earns even Rs. 50 a year, not have any exemption? Therefore, I consider that a certain minimum should be exempt from taxation even in the case of those whose avocation is agriculture. I do not want to get myself entangled in the theory of whether it is a tax or whether it is a rent. If it suits one person, he says it is a tax, if it suits another, he says it is a rent. But the plain fact is that he has to purchase land which he wants to cultivate, just as any other man purchases his stock. He has to follow his avocation, and then he makes

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a gain, and out of that gain a certain percentage must be exempt. The minimum that I would fix is 15 acres in the case of the Central Provinces, and ten acres in the case of the other provinces.

Passing on to another aspect of the question, I have another grievance against this Government, and it is this. Although Government say that they have the good of the people of India at heart, they have not cared to touch any social problems. It is the duty of every Government to improve the social conditions of the people. That is being done in almost all foreign countries. Now, the reason why the Government say that they do not want to tackle social problems is that they follow a policy of religious neutrality. I say, that is only a cover. Whenever it concerns the existence of this Government, it does not care for unpopularity. But where it concerns the good of the people of India, they say "we are helpless: any social legislation must come from non-official quarters". I see what fate such legislation meets: for instance, the very very modest legislation which was tabled by my friend, Mr. M. C. Rajah, has not yet come in; he has been labouring since the year 1933 without any success, and the Government will not help. Government will say it is no business of theirs. I charge this Government with timidity. The present Government is worse in this respect than its ancestors: and how? In the year 1829, the Government took the bold step of abolishing *suttee*. Was that not social legislation? In the year 1856, the Government passed the Widow Remarriage Act: was that not social legislation? The Widow Remarriage Act was very intimately connected with the customs and manners of Hindus, and still it was passed at the initiation of the Government. I ask you now, why are you fighting shy of it? Why do you not take courage in both hands and tackle social problems, so that you might at least, if not in the economic sphere, at least in the social sphere, be able to say to the people of India "Here we have acted like a national Government"? But, Sir, they will not do it because probably they are so unpopular, on account of their economic policy and on account of their repressive measures, that they dare not face the little opposition that is likely to come from vested quarters. I, therefore, charge this Government with more timidity, more cowardice than, shall I say, their illustrious ancestors. On the other hand, what do they do? They will instigate and encourage us to drink tea and have a tea cess committee; my friends over there will be jolly glad; the people of India must drink tea and coffee; they may not have enough rice, they may not have *chappattis*, but they must drink tea and they must drink coffee, and the Government will encourage them in that. I ask, in this social matter why do not the Government help me and my friend, Mr. M. C. Rajah? If there was a time when the Government would have the backing of the whole of the intelligentsia of this land in this respect, it is now. Mahatma Gandhi has been working for it most strenuously, and I would most earnestly commend to this Government to take in hand social legislation also. If they cannot have the courage to vote, they can at least do one thing. They can give opportunities for facilitating social legislation in this House: they need not vote, but they can leave the matter entirely to non-official votes. They must, however, give us the opportunity and the time. Only a few days are given for non-official business, and, in those days, important political questions are discussed, but social questions are not discussed. I would,

therefore, ask the Government to allot some Government days for social Bills, out of their time; and if they do not want to have any responsibility for passing social legislation, let the actual voting be in the hands of elected Members only. That will be a good compromise and they can very well say "We have only given facilities, we have not taken sides."

Now, I come to certain specific grievances. One thing that I have said is that the Division of Chhattisgarh is very very poor, so far as its agricultural cattle are concerned, both milch and draught. There is one way in which the Government of India can help us, and it is in the matter of railway fares. If the Government of India can give special facilities to the Central Provinces and particularly to Chhattisgarh for taking cattle, say, from the Punjab to the Division of Chhattisgarh by railway, then matters would improve very much. I am really sorry that Chhattisgarh has not got here a better advocate than I am. It requires a telescope or microscope in order that my friends on the other side may see it, and I have neither the microscope nor the telescope: I have got ordinary lenses with me, and, with these, I cannot make them see: but I want to put my whole heart into it, and, with all the emphasis at my command, I plead the cause of Chhattisgarh cattle. I really desire that there should have been a much better advocate for the cause of the cattle of Chhattisgarh than I am. But, poor as I am, humble as I am, I want to impress on this Government the absolutely hopeless condition of Chhattisgarh cattle, and the one thing that I would very particularly request is to give facilities for transport by rail to bring good breeding milch and draught cattle from the Punjab or Gujerat or wherever it may be possible. At present, although for coal and other industrial products you give any amount of facilities and also concessions, there are no concessions in this respect.

There is another point. From the crore of rupees that the Central Government gave to the various provinces, some amount was also allotted to my province; but this allotment to my province was very very meagre; looking to the problems of the Central Provinces, the allotment that was given by the Government of India was really meagre. I would, therefore, request the Government of India to increase that allotment, so that more facilities for digging wells may be given. Special instructions should be given by the Government of India to the Central Provinces Government to find out tracts where there is difficulty in water supply, in pure drinking water, and to instruct that a major portion of this money should be utilised in those tracts.

Now, I come to a matter of another aspect. I would eschew altogether what may smack of communalism; but there is one thing which I cannot refrain from saying, and it is this: the circular that has been issued in the North-West Frontier Province about Hindi and Gurmukhi is bound to create all-India discontent. The Government of India must bring pressure to bear on the North-West Frontier Province Government to withdraw this Hindi and Gurmukhi circular. We, Sir, in the Central Provinces, have no such distinction. Even where the population is small, we have got Hindi, Marathi and Urdu schools, and the Government aid them, even though the Marathi population is less and the Hindi population is more, and the Urdu population is not more than four per cent. . . .

Maulana Shaukat Ali (Cities of the United Provinces: Muhammadan Urban): What is that circular? Better explain it.

Mr. Ghanshiam Singh Gupta: The circular says that both Hindi and Gurmukhi languages are banned, and no new schools, started even by private enterprise, where these two languages will be taught, will be recognised by the Government. This is really absurd. New primary schools, started by private effort, in which Gurmukhi and Hindi will be taught, will not be recognised by the Education Department. Can we conceive of anything more absurd than this? No aid will be given to the existing institutions in which Hindi and Gurmukhi are taught after five years. And, even if new schools are started by private efforts even for the education of girls, such schools will not be recognised, and I must respectfully draw the attention of the Government to this matter.

The next and somewhat minor matter is the question of Panipat. There it is not a question between Hindus and Muslims. Both the communities are united in their demand. (*An Honourable Member*: "They used to fight before".) I do not know whether my friend had been there. Anyway, on this question, both the Hindus and Muslims are united that in purely Hindu localities, at the time of Hindu festivals like Holi and *Fag*, the observance of such festivals should not be prohibited. But this year the observance of the *Holi* festival was prohibited, and even our Muslim brethren have protested against the action of the authorities. I would, therefore, draw the special attention of the Government to this matter. I have nothing more to say, Sir.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, there is one point in the speech of the Honourable Member who has just spoken on which I should like to comment, because I may claim some small knowledge of the subject. If I heard him correctly, he said that nothing had been done for rice in the Central Provinces. That, Sir, is a misstatement. My Honourable friend, who represents the Department of Education, Health and Lands in this House, could have given him much fuller information on that point than I can. He could have told him at much greater length, than I propose to do, that the Imperial Council of Agricultural Research has paid special attention to this subject, and that their Rice Research Scheme makes provision for rice investigation in the Central Provinces. The Council of Agricultural Research has also set up a Rice Committee for co-ordination and consultation, and that Committee is an inter-provincial one. The Honourable Member who has just spoken said that the position in regard to rice compared unfavourably with that in regard to cotton. I would remind him that the work which is done for cotton is financed by a cess which is raised from the industry itself and I would ask him whether the rice industry would care to subject itself to a similar cess.

But, Sir, the main reason for my intervention this morning is different. Some weeks ago a local paper, which is no respecter of persons, had a cartoon in which you, Sir, were shown as conducting a chorus of Members of this House who were engaged in performing an oratorio, the words of which were drawn from May's Parliamentary Practice. My friend, Mr. Joshi, and I did not figure in that performance. (Laughter.) The reason was, I imagine, that the cartoonist was waiting for our annual duet—with its occasional chorus. The House has narrowly missed our performance as it usually takes place on Mr. Joshi's cut motion on the demand for grants which my department puts forward. Owing to circumstances over which Mr. Joshi had no control, it has had to be postponed till today. I have been thinking, Sir, of a suitable title for our duet, and I have come to the

conclusion that that of a famous duet, sung by Dame Clara Butt and her husband, which I used to hear when I was a boy, would fit the case. The title of that duet was "I will give you the keys of Heaven". (Laughter.) Mr. Joshi is always asking me for the keys of heaven, but alas, Sir, I am no St. Peter.

The two most important matters which he has raised in his speech in this discussion were matters with which I dealt last year. He has once again raised the question of an Industrial Council, and I can only refer him to what I said a year ago. I pointed out to him then that the Whitley Commission did not regard this as an immediate matter. It was true that they did not rule out the possibility of an Industrial Council being started before the Reforms, but it was the position under the Reforms that they had mainly in view, and their principal object was to secure, under a decentralised system of Government, that measure of uniformity and co-operation which they regarded as essential. I pointed out to him, Sir, that there was no guarantee whatever that responsible Provincial Governments would hold the same view as to the composition or the manner of operation of the Council as the Whitley Commission did. I pointed out to him the difficulty due to the fact that no system instituted now could embrace the State and that it was absolutely certain that it would have to be revised as soon as Federation came into being. I further pointed out to him that we are still engaged in carrying out the Whitley Commission programme and that there is a good deal that still remains to be done. That programme was prepared after full consultation with labour, with capital and with the Local Governments, and I, therefore, said, Sir, that it seemed unnecessary to have it revised by an Industrial Council, and that if the Council were to take up new schemes coming from outside it, they would have to wait until the present programme had been exhausted and that would take a considerable time. My friend, Mr. Joshi, has not attempted to reply to a single one of these arguments, but, as usual, he wants me by means of a magic wand to bring an Industrial Council into existence forthwith. I would urge that a compelling argument against acting hastily at present is that an Industrial Council will be dependent for its working on the reformed Provincial Governments. It is essential, therefore, that any scheme should have their co-operation and should be framed with due regard to their views. Mr. Joshi's attitude is based on distrust of the future Governments, although the new Provincial Legislatures will have far more effective labour representation than the present ones. If Mr. Joshi's distrust is justified, no scheme is likely to work well, for willing and not forced co-operation is of great importance, and nothing would be more likely to prejudice the new Governments, against the scheme, than a feeling that their predecessors had utilised their dying moments to commit them to it. My Honourable friend, Mr. Joshi's attitude is very much the same in regard to health insurance. He wants us to bring a scheme into force at once. "Don't waste any more time on inquiries. Do not worry about experience, do not worry about money, ...

Mr. N. M. Joshi (Nominated Non-Official): It has taken five years.

The Honourable Sir Frank Noyce: . . . . do something at once." My Honourable friend says it has taken five years and that we have done nothing. That is not true; and, even if it were, it would hardly be surprising in view of the difficulties of the problem. We are making slow progress with what is an intensely difficult subject. It has been examined

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from time to time by the Standing Advisory Committee of this House. We have had the assistance of the Public Health Commissioner on its medical aspects, and we also secured the assistance and the advice of the Government Actuary's Department in London. I explained all this to the House last year, but my Honourable friend, Mr. Joshi, again, in this respect, as in the last, attaches no force to any arguments I may bring forward on this or any other subject.

It is important to remember that the advice we got showed that an elaborate analysis would be required over a series of at least five years, of the experience regarding sickness and employment of a representative sample of the industrial population. The requisite statistics would have to be collected on experience cards to be completed for each individual worker in the sample by a large number of employers throughout the country. Further examination showed, that the maintenance of experience cards, on the scale required, would be a very difficult, and probably a costly task, which it would be impossible to prevail upon the employers to undertake. Even if administrative and financial difficulties were overcome, the statistical results obtained in the absence of benefits would be extremely unreliable, because there would be no effective check on their accuracy. So far as we could gather, no Local Government or any large body of employers is at present likely to institute any comprehensive scheme, and even if there were a prospect of a comprehensive scheme being undertaken, it would be a sounder and quicker method of proceeding, to institute small empirical schemes and to build on experience rather than on theory. We have addressed the Local Governments since I last spoke in this House on this subject. We have put the difficulties before them. We have asked them for their advice on the feasibility of a statistical enquiry of the kind contemplated by the Whitley Commission, and also on the alternative possibility, which was suggested in the Whitley Commission's report, of building on the actual experience gained in the operation of small experimental schemes. Their views are now coming in; they take up 79 pages of type, and I may tell my Honourable friend, Mr. Joshi, at once that they are not very encouraging.

Mr. N. M. Joshi: May I ask whether these replies will be published?

The Honourable Sir Frank Noyce: That I cannot say at the moment, but I think it is very likely that they will, in some form or another. I have not been through them in detail. I have not had more than a glance through them, and, as I have said, I have formed the impression that they are not at all encouraging. When we have examined them we shall then be in a position to decide what to do next. But I would submit to this House that, in a matter like this, one can only proceed on the basis of experience, and that to bring a health insurance scheme into effect without doing so would lead us to irretrievable disaster; the scheme would be damned from the very outset.

My Honourable friend, Mr. Joshi, said that he had a feeling that unemployment was still increasing. It is not always safe to rely on feeling, it is much better to rely on facts. I noted that my Honourable friend was very careful not to distinguish between industrial and agricultural unemployment. He lumped them both together, and perhaps, it was as well for the sake of his argument that he did so, because the figures I

have already put before the House show that there is no reason—to put it mildly,—there is no reason to believe that the figures of industrial employment are going down. In 1934 there were 110,000 more people employed in factories, railways and mines, than in the previous year, and there is every reason to believe that the figures for 1935 will show a further improvement. There is one point on which I have omitted to comment, and that is, Mr. Joshi's plea for a labour representative to be attached to the Advisory Committee of the Bureau of Industrial Intelligence and Research. My Honourable friend, Mr. Joshi, has entirely mistaken the nature of that Committee. The Bureau is to conduct research into problems directly affecting industry, not research into labour problems.

Mr. N. M. Joshi: May I ask one question? Is it not a fact that this Advisory Committee was consulted about some legislation for smaller workshops?

The Honourable Sir Frank Noyce: No, it is not a fact. What my Honourable friend has in mind, and what is a fact is that the question of regulation of labour in non-regulated factories was referred to the Industries Conference, an entirely different body, for opinion.

Mr. N. M. Joshi: May I ask whether there was any labour representative on this Industries Conference?

The Honourable Sir Frank Noyce: I am afraid I cannot answer that question offhand, but I think there were people who were certainly competent to speak on behalf of labour interests. The Advisory Committee of the Bureau of Industrial Intelligence and Research is a body of experts and it is engaged in questions of research into industrial problems. As I have said, it is not a bureau for research into labour questions. Some day,—I have no doubt that my Honourable friend, Mr. Joshi, wishes the day may come very soon—the Government of India may set up a bureau purely for research into labour questions, but the time is not yet. Meanwhile, I do not myself see that there is any great advantage to be gained by turning this Advisory Committee into the sort of Committee that my Honourable friend wants. I do not think I need say more in regard to the points raised by my Honourable friend, Mr. Joshi, but I should like, before I sit down, to offer a few remarks in regard to a question which has been raised many a time during the course of this discussion. We, on these Benches, have been very frequently asked what Government have done to develop Indian industry. My Honourable friends fail to realise—as realisation would take away a very valuable weapon, a very valuable stick with which to beat Government—that the development of industry is a provincial transferred subject.

Prof. N. G. Ranga: Very convenient!

The Honourable Sir Frank Noyce: It is not for me at this stage of the debate to enter at any great length into what the Local Governments are doing, but I should like to point out the difficulties they have in their way. Those are illustrated in a speech which has recently been made by the Honourable the Minister for Industries in Bengal, where he refers to the disappointing results that have so far been obtained by the operation of the Bengal State Aid to Industries Act. He points out that the progress made

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has been very slow. He emphasizes that Government have to be guided by the expert opinion and advice of the statutory Board of Industries, the personnel of whihc consists, almost entirely, of non-official gentlemen. He added that:

"If genuine proposals with well-established facts and well-thought out schemes, consistent with technical and economic principles—of which the number has hitherto been lamentably small—be forthcoming, I see no reason why they should not receive necessary financial backing. It, therefore, behoves the *bona fide* industrialists to come up with schemes which will stand the test applied by the Board."

That, Sir, shows the difficulties the provinces are experiencing in helping industries.

Now, Sir, I turn to what the Government of India have done. I maintain that they have done a great deal. I maintain that the result of their policy of discriminating protection, and of stores purchase and the action taken, after the trade negotiations with Japan and the Anglo-Japanese Trade agreement, are evidence of their desire to assist Indian industry and to translate that desire into practical effect. It may be of interest if I mention to this House some of the stores which we buy and which are of Indian manufacture but which were imported into this country five years ago. In this connection, I should like to say a little more about our stores purchase policy. I should like to point out the valuable assistance that the Indian Stores Department gives to Indian industry, not only by its purchase of stores manufactured in this country, but also by the advice it proffers to manufacturers whose manufactures are not up to the mark. It is always ready and indeed anxious to tell them why their manufactures are not up to the requisite standard and what are the methods by which they could improve them. Here are some of the items in the list that I have and if this is not evidence of the progress India is making in every direction, I should be interested to know what evidence would satisfy my Honourable friends opposite. There are 38 items here but I do not propose to give more than a few:

"Vacuum brake fittings, lawn mowers, centrifugal pumps, ironclad switches, weighing machines, cooking ranges, greatcoat cloth, cloth waterproof, webbing for web equipment and lint."

I wonder how many of my Honourable friends opposite have recently visited the exhibition which is now taking place in Delhi, promoted by the All-India Association for the Development of Swadeshi Industries. I would urge those who have not been there to go there and to see for themselves what India is doing in the direction of manufacturing its own requirements. I have now been to that Exhibition for four consecutive years and I have been immensely struck, on every occasion since the first, by the rapid development which is taking place. Articles are now being made in India which would have been thought entirely beyond the range of possibility only a few years ago. If my Honourable friends opposite go to the stall which has been established under the ægis of my friend, Mr. Bewoor, they will see for themselves scientific instruments of the greatest accuracy which are being made in the Posts and Telegraphs Workshop at Aligarh. Similarly, the Davalbagh stall shows evidence of the progress which has been made in that direction. I should like to mention for the information of the House that I myself pay no lip service to the cause of Swadeshi Industries. I am at the moment wearing swadeshi shirt and swadeshi

socks, also swadeshi underwear. I eat swadeshi biscuit and drink swadeshi lime juice and for the same reason that I have to use that, I have been compelled to take swadeshi mineral waters. When I leave this House this morning, I shall wear a hat which is as truly a product of this country as the headgear worn by any Member of this House. I should also perhaps mention that I smoke a large number of swadeshi cigars. But in all seriousness, I would point out that my Honourable friends opposite continue to think in terms of heavy industries. They think in terms of locomotives and motor cars and think nothing of the progress that Indian industry is making in a multitude of other directions. I maintain that there are signs of a very healthy development of Indian industries and I think it will bring about a far better balance between industry and agriculture if we have a multiplicity of small industries springing up everywhere, of which there are evident signs instead of a few localised heavy industries. I feel that I must comment on the interesting fact that my Honourable friends, Sir Hormusji Mody and Mr. Joshi, have, for the first time perhaps in the history of this House, found themselves in agreement. My Honourable friend, Sir Hormusji Mody, greeted with enthusiasm Mr. Joshi's pronouncement in favour of protection but I am not quite so sure, when Mr. Joshi had finished that speech, and when he realised that the form of protection that Mr. Joshi wanted was not quite the same that he desired, his enthusiasm remained at its original height. There is one point in regard to which I must confess that I am somewhat disappointed and that is that no reference has been made in this House to the population problem. It is all very well to accuse the Government of neglecting Indian agriculture and Indian industry. I do not think that that charge is well founded but I do think that, even when they make it, my Honourable friends opposite might think for a few moments what a very urgent problem it is that is presented to India by the number of mouths that are being added every year, individuals who have to be fed how and who ultimately will have to find some employment. That is a problem over which we, as Government, have no control. I can only hope that my friends opposite, when the time comes for them to tackle up, will be able to deal with it successfully. There is no problem facing India, which to my mind demands greater thought and consideration. That, Sir, completes all I have to say. I do not propose to refer to any question which has been raised in regard to the postal and telegraph rates, as I shall doubtless have an opportunity of dealing with them in proper proportion and at greater length when the clauses of the Bill come up for discussion.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, due to the constitution under which we work, the temptation to speak on all subjects. except the budget proper is great indeed. We have heard discourses and lectures on Socialism, Communism, communalism, industrialism, capitalism . . . . 12 Noon.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): And birth control.

Sir Cowasji Jehangir: . . . and, as my Honourable friend reminds me, lastly on birth control. (Laughter.)

Now, Sir, I propose to devote my attention for a very few minutes to the budget proper. Mr. President, any statements or remarks made in this Honourable House, intentionally or unintentionally, which go to shake the

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credit of this great country in the money markets of the world are to be deprecated. The credit of India stands high, not only compared with countries in the east, but with the majority of the countries in the west, and I contend that today we are in as financially strong a position as we have ever been during the last five or six years. We must not forget that the credit of a country does not depend upon the opinion of bankers or economists alone, but it is the man in the street who is your banker, it is the man in the street who subscribes to your loans, and it is the opinion of the man in the street that makes or mars the credit of a country; and, therefore, I deprecate all the more any statements or any insinuations that our credit today is any less or ought to be any less than it has been during the last few years.

An Honourable Member: Who said that?

Sir Cowasji Jehangir: I shall, therefore, devote a few minutes of my speech to our financial position. Sir, in the last report of the Controller of Currency, there is this statement:

"It will be seen that India's unproductive debt has been reduced by 3·87 crores during the year and now represents only 16 per cent. of the total."

Now, Sir, I will not weary the House with a large number of figures, but I would just like to point out some salient features in round figures in this capital debt. The capital debt of the country is 1,239 crores, out of which 756 crores are for the railways, 23 crores for other commercial departments, 179 crores lent to the provinces, 21 crores capital advanced to Indian States and other interest bearing loans, making a total of about 981 crores. Then, you have got 62 crores in cash bullion and securities held on treasury account, leaving 195 crores, out of 1,239 crores as unproductive debt,—that is, the 16 per cent referred to by the Controller of Currency. Now, Sir, as you very well know, we have been putting aside less to the fund for the reduction of debt than we used to; it is three crores today, and, therefore, the crux of the question is—what is the position of that debt which we have incurred as capital for the railways? Is that properly provided for? Well, Sir, I shall just for a few minutes try and examine the point as to how we have provided for that debt. I will take the figures from the date of the separation of the accounts, that is, from the year 1924-25 to 1936-37. During those years, 162 crores were set aside for the Depreciation Reserve Fund. In addition, a little over 18 crores was set aside for a fund called the Railway Reserve Fund—a total of 180 crores. Out of that 180 crores, we spent 114 crores on renewals and replacements; that is to say, during these years, no smaller sum than 114 crores of money has been spent on keeping your railways up-to-date and in good condition. That leaves a total balance of 66 crores to your credit. During these years, over and above paying the general treasury 42 crores, your railways have been able to set aside 66 crores in funds which have been called the Depreciation Reserve Fund and the Reserve Fund. Out of that, you have paid your losses during the last few years, which amount to about 53 crores. In short, you have wiped off your Reserve Fund of 18 crores, and you have reduced your balance in the Depreciation Fund to 11·81 crores. The net result is that, during those years, after having spent 114 crores to keep the railways up-to-date, after having paid 42 crores as profits to the treasury,

and after paying for your losses, you have still got 11·81 crores. I maintain, Mr. President, that this is a position which no limited company would be ashamed of. This is a position which any commercial department ought to be able to put forward before the world with the greatest confidence. Sir, what does this really mean? It means that up to the time you began to make a loss on your railways, you were setting aside in a fund—it does not matter what you call that fund,—much more than was required for replacements and renewals. Well, that is one method of setting aside monies for any purpose you like,—it may be for reduction of debt; it may be for emergency, unfortunately, it has been used for paying losses; at any rate, you were able, in good times and in bad times, to set aside these huge amounts, and, in addition, to pay into the treasury 42 crores of money.

Mr. N. M. Joshi: Suppose the railways become out of date.

Sir Cowasji Jehangir: You have spent for that purpose 114 crores since 1924-25.

Mr. N. M. Joshi: Aeroplanes will make them useless.

Sir Cowasji Jehangir: Then, you have got bad debts. That is a thing that may happen to the whole of the Government, to any individual, to anything in any part of the world. You cannot help that. What is your financial position? That is the point. Now, Sir, I believe that any economist or any banker going into these figures would strongly maintain that we deserve the credit we enjoy in the money markets of the world, and that we are doing all we can to maintain that credit. It is much more important at this time, in the history of India, than it ever was before to maintain that confidence. During the last four or five years, when the future Constitution of India was being prepared, it was my misfortune to hear many doubts cast upon what our credit would be like in the future, and it was due to those doubts and apprehensions that many of the safeguards, that we protested against in the past and do protest against even now, were inserted in the Constitution. Therefore, it is all the more important that we should take every opportunity of pointing out from the platform, in the press, and, when opportunity arises in this House, that we have complete faith in our financial position and that we are determined to maintain that strong financial position in the future. I would not have wearied the House with these figures had my Honourable friend, the Finance Member, expressed his opinion on the opinion of his predecessor which I read out to the House, an opinion expressed as lately as in his budget speech of 1934, and it was because of the absence of any expression of opinion on that valuable opinion, expressed in 1934, that I have taken this opportunity to place some of these figures drawn from ordinary blue-books before this Honourable House. Perhaps my Honourable friend was more occupied in thinking and trying to guess as to which party is prepared to kick, which other party in this House. His attention and his reflections and meditations might have been better occupied by trying to answer some of our criticisms, however unintelligent he may have believed them to be. But I am given to understand that my Honourable friend is accustomed to shake hands with his gloves on. He has been known to do it on certain occasions. But, so far as we are concerned, he generally chooses to pull them off when he tries to shake hands

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with us, but may I express the hope that in future my Honourable friend will keep his gloves on. The House has expressed a definite opinion that considering our exceptionally strong financial position, we should follow the orthodox practice of financing huge works, such as building cities out of loans. The House has expressed that opinion, and, therefore, I am led again to a sentence in the Honourable the Finance Member's speech which appears, notwithstanding his explanation, to intrigue, not only Honourable Members of this House, but a good many people interested in our finances all over India. Therefore, I have to draw the attention of the House again to these words in the Honourable the Finance Member's speech. While criticising the Government's action in putting only three crores into the fund for the reduction of debt, he says as follows:

"Who dare say then that for the next seven or eight years we should by this high sounding device of borrowing to pay for Quetta still further reduce this already inadequate provision by sums which vary, from year to year, of course, but which are of the order of Rs. 75 lakhs."

If I understand English and if I put the plain interpretation upon these words, I would have thought that the Honourable the Finance Member intended to warn this House that if the reconstruction of Quetta was financed out of capital, it would mean an yearly increase—not immediately but after the whole of the seven crores has been borrowed—of 75 lakhs to our interest charges and sinking fund charges. That is the ordinary interpretation placed upon these words. But the Honourable the Finance Member interrupted me the other day and gave an explanation. I am not going to repeat that explanation just now, but I would point out that when this whole sum of seven crores is borrowed, we will have to set aside an equated annual amount of 29·84 lakhs to cover that loan of seven crores if it was of a 50 years period at 3½ per cent. or your sinking fund charges would be 5·34 lakhs and your interest would be about 24½ lakhs. The total amount of 29·84 lakhs would cover a loan of seven crores at 3½ per cent. for a life of 50 years. Therefore, I am unable to understand, and many of our friends, who read our proceedings with great care, are unable to understand, how the Finance Member gets this figure of 75 lakhs. I point this out, specially on this occasion, because next time we meet, we shall be making inroads into the revenues of this country; and, so far as I am concerned, I desire to do so with some reason and with some logic. I do not wish indiscriminately to deprive the Honourable Member of revenues in order to reduce taxes or to give relief to the poor. I desire that we should do so with a considerable prospect of still having a safe and cautious budget. I have pointed out this figure of 75 lakhs for this very purpose, and I, for one, will await the Honourable Member's explanation, although, I am afraid, it will be rather difficult to furnish one. Mr. President, so long as I have been a Member of this House, I have always tried my best to see that after the cuts I have voted for the Finance Member still had sufficient to pay for all the demands that would be made upon him. And when this side of the House does that, we do expect that our opinions and our wishes shall be respected by Government as far as they possibly can. That is the present Constitution under which we work. Because the right of certification has been given to Government, it does not mean that, because they disagree with us on any retrenchment we may suggest or any relief that we may require, they should not meet us. They have to be satisfied that we have given them ways and

means to carry out the duties imposed upon them and they shall then meet our wishes. That is how I look upon the Constitution under which we work, and that is how I look upon the power of certification given to Government. Under these circumstances, Sir, we look forward to the next few days with the hope and with the faith that Government will act up to the principles I have just enunciated.

Dr. Khan Sahib (North-West Frontier Province: General): Sir, in my humble and honest opinion, finance, which is the outcome of a struggle between the economists for centuries, is becoming more and more complicated on account of its internal contradictions. It will be impossible for me to go into this science, if science it can be called, in detail, in the short time at my disposal. It will not be out of place to say that there are two main schools of thought, one school faithfully following the theory of capitalist economists and the other that of socialists. I venture to say, Sir, that we cannot be classed under any of these two headings, because they are only applicable to free countries. Ours is a unique type. Now, to explain its unique character, I shall have to tell the House that this school of thought is composed of two component parts; one, the main and dominant part of the foreign exploiters who think only of how to fill their pockets with the help of any trick they can stage to deceive the people. The other part is that of the slaves who are ready to sell their nation for the crumbs which are thrown at them by their benefactors. It is no wonder, Sir, that this school of thought is constantly engaged in talking of high finance. Sir, they always try to convert simple items into complicated problems for deceiving others, and, in virtue of their so-called high intellect, arrogate only to themselves the right to solve those problems. My economics, which are based on the fair and just distribution of the products of this country, I am sorry, Sir, the Treasury Benches will never understand, because these robbers have broken into our house and we can never persuade them to get out by telling them that their despicable deeds are the cause of our starving millions. Our only way out is to join together and not be a party to the iniquitous and infamous behaviour of this Government towards our people, especially the peasants and workers. Sir, you have just to look at their pay-sheet. It begins with Rs. 25,000 a month and ends with Rs. 5 a month. Just think of it. Is there any country in the world which presents that difference? And why go far? Just look at the Treasury Benches and the men in khaki and red shirts who are standing behind them. As a doctor, my diagnosis of the maladies of these two types is that the Treasury Benches are suffering from over-eating and the poor people standing behind them are suffering from over-work. We are asked, Sir, why we do not make constructive proposals. Would the Honourable Members accept our proposals? It is impossible for them to accept, because it will touch their pockets, Sir, we are not going to be partners in working this rotten machinery, top-heavy and worm-eaten, without any sound foundation. You may put any clean part into that machinery, but it is bound to become rotten. If ever we have power, we shall destroy this machinery and put in a simple, honest and clean machinery that every man can understand and every part of it well polished and workable only by honest men.

Sir, the Members of this Government are the victims of the leisure class theory and are brought up in the corrupt system, in which they are bound to forget two things, which are absolutely essential to the truth:

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"the good done by the Opposition and the great evil committed by them". When this Government happen to bring charges against the Congress, they say: "Oh, but it is absolutely necessary to punish their faults for the sake of good administration". But when they happen to face their own sins, then, bribe is called *dastoori*, gift, *dali*, or *bakshish*, as you change your province and department.

I will now pick up the thread of the Afridis where I left it. Sir, the Honourable the Foreign Secretary said that the allowances were not stopped, but only their personal allowances. These personal allowances are part of the allowances given to the Afridis. I think the idea of these personal allowances in 1898 was that, by discrimination, the Government would be able to create a feeling of personal interest in the Afridis, as it is existing in us, but they are a democratic people and always think in terms of common interest. They treat one another, absolutely equally. These allowances were pledged in 1898 and were confirmed again in 1931, after the Khajuri disturbances. These pledges have nothing to do with the new road. But now, Sir, what do we see? The Political Agent of Khyber called a meeting of Afridi elders and *maliks* on the 7th, and told them that as they had failed to construct the road to Chora-Candao and the pickets along with it, their personal allowances had been stopped. Further, they were asked to go and persuade their people to permit the construction of the road. They were also told that the road was to be constructed under the orders of the Governor with the consent of the Governor General, and that, if they did not agree to the construction of this road, force will be used. The Afridis simply answered that they had nothing to do with it. On the 11th January, 1935, the Governor had announced the construction of this road with a bogus application from some of the Afridis, which I have already explained to the House. Now, Sir, as it was then snowing in *Tera* and most of the people were away, it was impossible for the Afridis to call a *jirga* and discuss the matter.

I have already spoken about the Watch and Ward establishment. The only thing I want to say is that it is officered by 100 British officers. No Indians are taken. As I have already explained, the pay of the most junior officer is Rs. 1,200 with Rs. 300 or Rs. 400 a month extra allowance. I know, when a junior officer gets in debt in the Army he is sent there in order to collect the loot for improving his finances.

Sir, it is my duty to make a statement to the House about the firing which took place when our President was on the Frontier. There are two theories: one is that it was an accident. The other, that it was done by one of the official parties to give a bad name to the Governor of the Frontier. Sir, even the officials have parties, some of the officials, in order to keep up a feeling of discontent among the Pathans, join one side, some the other side. As far as my information goes, it was an accident. But, what followed after the occurrence is inexcusable? I shall tell you what the police did. The police collected all the people round about the villages and made them sit along the road for 24 hours turn by turn for several days, one sub-inspector induced one man to make a false declaration about three persons who went and consulted him on the day of occurrence. They arrested those three men. But, luckily, the Governor—I must give him credit for this—found out through his personal informers the real culprits. His idea is that justice must be done; he has issued orders for the release of those three men and for the arrest of the man

who had given the false information and the other two real culprits. There is one thing I must say, and which I want the Frontier Government to know, namely, that the police knew that the three men whom they had arrested were innocent, but still they arrested them. They arrested them deliberately. This is a fact. I hope that after reading my speech, the Frontier Government will note and will take proper steps.

Sir, the Frontier is a wonderful place. I do not know, what Honourable Members think should be done with an officer of police who has been dismissed. We see on the Frontier that an ordinary sub-inspector, who has been dismissed for corruption, has been created an honorary first class magistrate with section 30 powers. Look at the justice of the Frontier Government . . . .

An Honourable Member: After dismissal?

Dr. Khan Sahib: Yes, he is made a magistrate. These magistrates are created simply to be under the thumb of the police and do as they are directed by them. Most of them are really illiterate. I may remind the Foreign Secretary, that last year he protested against certain of my remarks about the Frontier; now, what has he to say about this man who has been pensioned off and has been made a first class magistrate? There is a case of ten lakhs from Bokhara—between two parties—which is going to be handed over to him, and he is expecting to get Rs. 50,000 out of it. These are the kind of things done on the Frontier. When a man is dishonest he is made a magistrate in order to give him power to suppress honest people to expose his sins!

Now, Sir, I will come to the Delimitation Committee. Topi and Zaida are two villages on the Frontier, both in *Uthman Nama*; they were in one constituency for election, but to suit the purpose of the present Minister, they have been separated, thus *Uthman Nama* has been split up into parts and the Rajjar tribe has been divided into three parts, because it was a stronghold of the *khudai khidmatgars*. Let me tell this Government that they can divide the Frontier into any bits they like, but we shall still defeat their Minister.

Another very unfortunate thing happened on the 20th February, 1936, on the Frontier. Shah Baz of Shabi, a poor man, came to Charsadda during the fair to sell his sheep in order to pay what land revenue he owed. As soon as he arrived there, the sepoys of the tahsil caught hold of him. He was begging them and telling them that, if he was allowed to sell his sheep, he would pay their *dasturi*, and the rest he would pay towards the land revenue, and if any balance remained, and the Tahsildar allowed him time for bringing the balance, so much the better: otherwise, he could be locked up. They beat him and they dragged him before the Tahsildar; he was put into the lock-up, and he was dead the next morning; and the Tahsildar went to the doctor the next morning to see to the *post mortem*: I do not know what happened further.

I will now come to the village uplift question for which the Finance Member has given some money to the Frontier. Everything on the Frontier is peculiar. Now, the Development Officer of the Frontier is taken from the military. He is in charge of agriculture (Laughter); he is in charge also of the veterinary department; he is in charge of fruit gardens; and, I tell you, there is a garden he has made in Dera Ismail Khan: if only you look at it, I think the amount of travelling allowance

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he must have drawn going to that place would be worth far more to us than to have a garden like that. In this village uplift scheme, they sent some money, and what do you think the gentleman did? He wanted to find out gold, he experimented for finding gold and thus wasted a part of that money. If there were any gold on the Frontier, I think the Pathans would have found it long ago (Laughter) . . . .

Captain Sardar Sher Muhammad Khan (Nominated: Non-Official): But you want an expert to find gold: you cannot.

Dr. Khan Sahib: I am coming to you: do not worry. Then, they tried to build a marble factory, but nothing has materialised. So you can imagine what amount of village uplift we have got. On the main road from Nowshera to Peshawar, there is a big board put up, and, when you pass it, you read the words "village uplift", and that is all we have got (Laughter) from the Finance Member. Then, we are told by the Honourable the Army Secretary that they want to civilise the Afridis and spend money on them. I wonder if he has been to Chota Nagpur or any parts of the Central Provinces, which I have seen personally. If even after 200 years they have made the man of Chota Nagpur into a type of human being who has got no food, no clothes absolutely, except one thread round his body, and who eat leaves, I should like the Honourable Member to protect him: it is a rich province; it has got mines of all kinds; but who has got the mines? The exploiters. They are exploiters from 6,000 miles away and they get everything. If he wants to bring that civilisation there and if he thinks the Pathans are going to be civilised, like him, let me assure him that we shall never stand it, and the Afridis never. I think they would rather die than become dishonest civilised creatures.

Just one word about discipline, about the gentlemen who might become the Commander-in-Chief of the National Army of this country. He has been in the army, and I suppose I have been too. There is discipline only when there is a question between Indians, or between the British. But as between an Indian and a Britisher, there is no question of discipline. Then, there comes prestige, which I think the Honourable Member knows. I will tell you a tale. It is a fact. What I say I know. An officer was promoted to the King's Commission in the Army, and I used to see him. He used to salute his junior lieutenants, and so I asked him, "This is not done". He became very angry and he told me he did not do it deliberately, but that the moment he sees a hat of an officer, his hand goes up automatically. (Laughter.) There are exceptions, but I am mentioning only one instance, and I am not casting any reflection on anybody.

We will now come to the Military Academy. Those who know something about the army will call it a farce. If they want colonial commission, let them go out of this country and let the army be run by us. But if they want to sit here, then, no Indian, who has got any self-respect in him, should accept this colonial commission: it is an inferior

commission. It is just the same as the Jemadars now: there is no difference. It is a trick. Either they leave this country; or let those who believe in Indianisation see that the King's Commission is awarded to them.

One point more, and I shall finish: I have lots of things to say, but shall not do so now. We are told about the Communist bogey. Let us see what are these Communists. I rather like them. They are really good people; they want us all to be equal. I think they are just like the Muhammadans of olden days. I will give you some description by a capitalist—Mr. J. Gibson, I.A.R., Vice-Chairman of the United Dominion Trust: so you cannot expect him to be a Bolshevik or a Communist. He says:

"I went right along the Crimean coast and every palace there has its quota of workers holiday-making. All the palaces and mansions have been turned into rest-houses and sanatoria for the workers, or into museums."

What is wrong with that?

"Do not under-rate the Russians or their plans, and do not make the mistake of believing that the Soviet Government must crash. It may, of course, for nothing is sure in this world, but there is yet no sign of a crash. At the present moment the Soviet Government is firm in the saddle, and whatever those who have been deprived of their property in Russia may have to say, you can take it from me that the younger generation is fanatical in its zeal for the Government and for the economic plans of the Government. And, perhaps, the most important of all, all these youngsters and workers in Russia have one thing which is too sadly lacking in the capitalist countries today, and that is—hope. I talked to many of these workers; not people who were brought to me to talk to, but people I met casually in the streets, in factories, in trains and towns, in the holiday centres; their belief in their *own* and their country's future, working along present lines, is a religion of zealots."

That word "own" is a very important word, because there everybody thinks it is his own, and so he must succeed:

"The people now are undoubtedly poor according to our standards, but, as they say, they are building for themselves. Russia today is a country with a soul and an ideal—Russia is not 'muddling through'. The Russians have made many mistakes and will make many more, but there is no casual muddling. They are working to clear cut plans. Russia is a country of amazing activity."

Further on, he says:

"I believe that the Russian objective is sound. I hold no brief for her methods, or her theories, or for her manner of achieving that objective. It is not socialism it is a mixture of communism, State capitalism and private capitalism, and the last ingredient must be and is being increased in quantity; but that Russia's objective is one to which all civilized people should direct their attention today is surely beyond question. In a word, it is scientific and planned production to maximum capacity, coupled with scientific planned and equitable distribution, so that the standards of life can be in accordance with nature's and man's capacity to produce and man's capacity to enjoy. That must be our objective also, and I believe we can achieve it in our own way by evolution, by a steady going forward, but we will not achieve it without a change of mind."

So, I say, unless this Government changes its mind, nothing can be done. The old days of prestige are gone. There are people who have made up their minds to turn out this Government unless they come to their senses and change their mind. With these few words, I resume my seat. (Applause).

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division: Non-Muhammadan Rural): Sir, I must, first of all, thank you for giving me a chance, at this fag end of the day, to speak on this subject with which, I must confess, I am not very familiar. I listened to the speeches in the House with very close attention, and I enjoy the repartees and play of tempers of Honourable Members of both sides, solve my doubts and have my lessons. Sir, if I speak anything which may not seem to be appropriate to the occasion, I hope I shall be excused.

Sir, when I think of the budget, I think of the realisation of the taxes and duties, specially as to the mode in which they are realised and how they are irresponsibly spent. Our people have unanimously and unquestionably been declared to be very poor, and these poor people bear the cost of this costly administration without any proper return. But, Sir, we are absolutely helpless.

Sir, to me life is eternal, and I believe in one single number and that is number One, which is infinite. Really speaking, I never care to think in terms of figures which we find in the big volumes which have been presented to us which require practice of notation and numeration. Sir, we are really tenants of life, and our dividends depend upon the proper use of our lives. We are entitled to that. If we do not get the proper value of our life, if these 350 millions of people do not enjoy life under this Government, then this Government is not worth having. We have been presented with a surplus budget on which stands this Finance Bill. I cannot understand how we can have a surplus budget at all. Almost all the provinces have presented deficit budgets, and particularly Bengal, which could have claimed to have a balanced budget, if the duty on jute had been given back to Bengal. If that had been done, I ask the Finance Member how he could have produced a surplus budget of the Central Government. Further, Sir, on the one hand the Honourable the Commerce Member says that, on account of the economic depression, railways have been losing very heavily all round, and so, for years and this year there has been a heavy deficit, and he could not produce a balanced budget this year, while, on the other hand, the Honourable the Finance Member presents us with a surplus budget and bases it on improved finances of the country. Sir, whom are we to believe in this matter? None, perhaps, because, we are asked not to believe in *Rajpurusha*. This sort of budget reminds me of a well-known businessman who had business in all parts of the world. He lost all round in all his branches except in one in which he had some profit, and that profit, according to his terms of business, he had to distribute to his people, and the next morning he had to burn a red candle and file a schedule of insolvency. But, Sir, happily this is not the case with our Finance Member, because he finds that the power of recuperation is increasing in our country, and, based on that, he gives us a surplus budget. I would thank him, Sir, if he could give us a catalogue of the good deeds that he has done with the money he had, instead of giving us this budget, which is not really a surplus budget,—good deeds in the way of agricultural and industrial improvements, health, education and unemployment questions. I am afraid, Sir, that he has not been able to rise above his bureaucratic mentality and the policy which has been introduced into the Government of India since 1765. He is a great economist and is given a position in the Government which is only next to

that of the Viceroy, and in him lies the weal or woe of 350 millions of people. In his budget speech, he says, on the financial year 1935-36:

"The revised forecast for the current year also indicates a considerable improvement over our estimates of a year ago and we now anticipate a surplus of Rs. 2,42 lakhs instead of Rs. 6 lakhs."

We could never have expected such a difference between actuals and anticipation from a man in his position and of his ability. Again, he writes on the financial results of 1934-35:

"Last year I anticipated that they would disclose a surplus of Rs. 3,27 lakhs. The actual figure has proved to be Rs. 4,95 lakhs."

Sir, is this budgeting? It looks like an auditor's report! This sort of budget cannot satisfy us. Sir, I say that the policy which had been introduced at the start of this British Government is being carried on till today, and I wish that my Honourable friend, the Finance Member, had changed it in his term of office. The policy first began from and between 1765—1770 which were years of famine, and, since then, the policy has been continuing and continuous exploitation of the people is going on without remorse. The recuperative power of India was there, and, therefore, India is still carrying on. But, there is a limit. The policy has brought about abnormal poverty, which today is manifest all around us. This will be borne out by a comparison of the average income of an individual Indian and of anybody else in any other country, and, also, by the incidence of disease and death, the mortality which is prevailing in India, not only of infants, but in general, as compared with that of disease and mortality of other countries.

1 P.M.

Next, Sir, the educational policy: as the author of the present educational system, Lord Macaulay, wrote:

"We must, at present, do our best to form a class who may be interpreters between us and the millions we govern, a class of persons, Indian in blood, and colour, but English in taste, in opinions, in morals and in intellect."

Sir George Anderson, the present Educational Commissioner with the Government of India, in his note, prepared for the Punjab Unemployment Committee, said:

"Our educational system was moulded to the special object of preparing the boys for external examinations, the passing of which is for many, only a snare and a delusion, with the object of training boys for clerical vocations which are now proclaimed to be overstocked and which offer insufficient avenues of employment to large throngs of applicants."

He describes a matriculate as a derelict, a wanderer on the face of the earth, unemployed, because he is unemployable. He might as well say the same of the graduates, Sir. The present educational policy has been condemned, because, to quote the Bengal Committee on Unemployment:

"It is like a bamboo, each joint being an examination and the diameter remaining practically the same size from the root to very nearly the top. It has no branches and the crowning top covers a very small area."

The economic development of the country will have to be included in any scheme of educational planning. The Bengal Committee on Unemployment have pointed out that a mere provision of facilities for technical training may help for a little time, but it will not solve the problem

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unless, at the same time, economic development takes place simultaneously with external assistance. The British Government in India has not changed a little of the policy which was initiated at the outset with regard to education. Cultural conquest by education—this has been the basis of educational policy. This is strangling the very soul of India and feeding fat on the economic theories of which the Finance Member is a great exponent. Economic planning and politics go together, and the political policy adopted by the British Government, at the initial stage, remains the same, and, consequently, economic policy continues.

Sir, the next one is policing and military. Having exhausted the economic power of the people, having exhausted the cultural influence of the people, the Government now carry on their administration by policing and policing ruthlessly. While crime is increasing in arithmetical progression, the expense on policing is increasing by geometrical progression. With regard to this, I shall avoid repeating the old stories. But, Sir, this sort of policing depends upon certain laws, which are known as Lawless Laws. The Government of India have forged certain laws which really do not allow the police or the magistrate to break the heads of the people, to kick them, to treat them with slaps, to duck them to death, to burn their valuables, to remove all their movables without any punishment, to break their household deities and do all sorts of outrages against women. That we know, but, Sir, yet they have been doing it on the strength of such laws, without any fear of punishment or fear of public opinion. Sir, are we to pay this police expense simply to be treated to this sort of outrages, and I should appeal to the Honourable the Finance Member to take into consideration the expenses he will sanction for the policing of India. Sir, I can give him a very interesting story about the policing now going on in Midnapore. It is within my personal experience. I would not have brought this personal matter on the floor of the House, had it not been discussed here a few days ago. Sir, I now come to the incidents of 1936. Our friend, Mr. Griffiths, who was a Member of this House a few months ago, was the magistrate of Midnapore last January.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

Mr. Amarendra Nath Chattopadhyaya: Mr. President, I was relating my story about the method of policing going on in Midnapore. I said that I would not have brought up this personal matter if it were not discussed previously. You know, Sir, sixteen years ago, the Village Self-Government Act was passed in Bengal, and, while the late Sir Surendra Nath Banerjea was the Honourable Minister, he had established this union board in Midnapore. But, as the Midnapore people objected to this and fought against the establishment of this institution, Sir Surendra Nath, who was once the leader of Bengal, or, for the matter of that, of India, and who had respect for public opinion, withdrew the union board from Midnapore.

Sir, in this connection, I have to introduce the name of the late Mr. Birendra Nath Sasmal, in whose place I am here, and who had led that movement against the union board, with consummate skill and success. Since then, there was no union board in Midnapore. Of late, Sir, just after the death of Sasmal, whose leadership still survives him, whose name has the same old charm with the masses, Mr. Griffiths took it into his head to re-establish that union board, which was thought to be bad at the start and which the people of Midnapore think to be as bad, even now, as it was before. But, Sir, they did not object to the establishment of a union board on any other ground than the ground of economy. You know, Sir, famine has been staring them in the face just at the present moment in the Burdwan division which I have the honour to represent here. In Bankura and Hooghly, famine has already been declared; and these people of Midnapore, who could scarcely pay the *Chaukidari* tax easily, and for the realisation of which the Panchayat President had to resort to the selling of their utensils and their cattle, apprehended greater tyranny, and hence they wanted the Honourable the present Minister of Bengal to intervene. As the representative of the district, they approached me, and I had correspondence with Mr. Griffiths on this matter. I requested him not to hurry it through and asked him to consult the Congress workers there who had led these people at the last Civil Disobedience Movement, went to jail, and who really had influence with these people of Midnapore district. Contai and Tamulk were mainly the two sub-divisions where these union boards were to be introduced in the first instance. Sir, they wanted me to interfere in the matter, and I, as a constitutionalist, requested them, advised them, to approach Mr. Griffiths personally, by representations, and by petitions, and also the Honourable the Minister of Local Self-Government. That they did. They sent petition after petition. Ultimately, they wanted me to come and see for myself how the matter stood.

Sir, I made a programme of my tour in Tamluk and Contai and sent it to Mr. Griffiths requesting him kindly to see that I might get accommodation in the dak bungalows which he had really arranged for. But, Sir, on my arrival at Kolaghat, just when I was on my way to the bungalow, I was served with a notice under section 4 of the Bengal Security Act of 1932, asking me not to address any meeting in connection with union boards or to discuss the question of union boards. Sir, I felt helpless, because I was not then prepared to disobey the notice and I read out that notice to the huge gathering of people there, and who were assembled there in order to hear from me whether I would be able to do anything for them in this matter,—as the people have a very exaggerated notion of the powers of the legislators of the British Government. Sir, I did not address the meeting. They read an address to me, to which I replied, and I told them how helpless we were in the Legislative Assembly to help the people in any way when a simple magistrate or even a simple *Chaukidar* thought fit to oppress any people anywhere in India. Sir, I was ill and so came home after the meeting, and, in the next week, I had fixed up to go to Tamluk and reached there after writing letters to Mr. Griffiths intimating him about my changed tour programme. I arrived in Panchkura station and I found one inspector and an additional magistrate waiting, but they gave me no trouble. I went to the different villages, and then, finally, to the Dobandhi dak bungalow, where I saw the circle officer, the inspector of police—all were cordial to

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me, they were very friendly to me. I simply replied to the address which people gave me there without entering into the question of the union board. I literally carried out the orders of that great magistrate, and when I was passing from place to place, I am sorry to say, but I am not surprised, my car was being searched—either because of my companions or because of me, I do not know. I was going to Mohisadal from Moyna thana when the inspector of Tamluk first approached me and told me that I should not address any meeting on that day, as only at that moment they had received a message of the sad death of His Majesty the King-Emperor. Sir, that did not upset me, because every man with gentlemanly instinct would not have addressed any meeting on any account on that day. Then people thronged round about me and around the car stating that the police were beating them. However, I went to Mohisadal and had conversed with Raj people and then I started for Sutahata where I was searched. On my way, I was talking to one Rash Behary Jana, my guide, on that side of the thana, but, later on, on the same evening he was taken down from my car, and arrested and was given an order of home internment under the same section of the Bengal Security Act. I spent the night at Sutahata and dispersed another great gathering of men on account of the sad demise of His Majesty the King-Emperor next noon, simply reading out to them the order of the magistrate. I dispersed the meeting and then went to Contai. Sir, all the villagers were threatened and they were even asked not to give me any food. The gentlemen who had arranged for my food were afraid to send my dinner to the dak bungalow where I was staying. They were so much threatened by way of physical and punitive measures that the whole peasantry of Midnapur had been nervous and they could not approach me in the right spirit to place before me their grievances for which I was invited there. But, in spite of that, many came and gave me to understand that only for a few years more, owing to the economic depression, they would request the district magistrate, Mr. Griffiths, not to establish union boards, for, if union boards were established, they would be obliged to pay taxes which they would not be able to pay owing to the depression. Simply on economic grounds, they were opposed to the establishment of a union board, but Mr. Griffiths would not listen to their prayers. Just on the point of my leaving Tamluk, just while the train was to arrive at Panchkura station, another companion of mine, by name Sridhar Chandra Samanta, who was accompanying me all along, was served with another notice of home internment. Kumar Jana, a devoted Congress worker of the sub-division, was formerly interned, simply because he invited me to go there to have first-hand knowledge of the situation.

There is another sad tale for me to tell. When Mr. Griffiths was holding a durbar in Kulaghat, I went to him to know the time of the durbar, so that I might be present there. He had kindly replied to my wire, telling me that he had reserved a seat for me, but, unfortunately, I could not go. Three young men who had come to invite me there to be present were harassed, and two were arrested and interned at home and one was kept in custody for the whole night and sent back to Calcutta next morning. This is the way how policing is going on in this time of peace in Midnapur and during this period of famine and depression. Externment orders of respectable gentlemen in Midnapur are still

there. A gentleman by name Mr. Manmatha Nath Das, the leader of the criminal bar, who had extensive practice at the bar, earning more than Rs. 2,000 a month, had been thrown out of his scene of activities and had been compelled to go to Calcutta, turned out of his ancestral home, to eke out his livelihood there depending on the patronage of his friends. Sir, there are several cases of externment like these. Curfew orders are still existing; no young man can go out of his home after sunset in the Midnapur district and the curfew order has been standing for over two years. Every one knows that there has been no case of overt act of any kind in Midnapur during this period. People whose houses have been looted, people whose houses have been burnt, people whose paddy and granary has been destroyed, people whose women were outraged, kept non-violent all the time, and yet they are suffering all this tyranny. I appeal to the Honourable the Finance Member to enquire into this policing and to see how the expenses he has sanctioned for policing is being spent, and I hope that he, in consultation with the Home Member, will help Bengal, at least by curtailing this heavy expense for policing. I know it is very difficult for me to induce the Government, which has great faith in brute force, to stop this practice. I say this because I see that this Government always have an inclination to promote only those officers who pander to deeds of brutality and who really help in the prosecution of these young men. I shall remind the House of the case of Mr. J. P. Roy, sub-divisional officer of Mymensingh, who made himself notorious in the warehouse case where shooting was started by the then additional magistrate, Mr. Suresh Chandra Ghatak, who has been found to be one of the most corrupt of human beings in the position of a magistrate . . . .

Mr. President (The Honourable Sir Abdur Rahim): Order, order; the Honourable Member must withdraw that remark.

Mr. Amarendra Nath Chattopadhyaya: Very well, Sir, but it has been proved, and he has been dismissed by the Bengal Government.

Mr. President (The Honourable Sir Abdur Rahim): Does the Honourable Member say that he has been found guilty of the offence?

Mr. Amarendra Nath Chattopadhyaya: Yes, Sir, and he has been dismissed. I leave it there. I do not want to touch these dirty cases.

These cases do not come out before the public, because we have not got that organisation which can help us in this matter. There is another case, Sir, of Khan Bahadur Maulvi Shaifuddin, made a public prosecutor, who had organised a loot at Kishorganj.

The Honourable Sir Henry Craik (Home Member): Is that in order?

Mr. President (The Honourable Sir Abdur Rahim): The Chair did not catch the Honourable Member. Will he kindly repeat it?

Mr. Amarendra Nath Chattopadhyaya: There was a loot at Kishorganj which was practically organised by one Khan Bahadur Maulvi Shaifuddin.

Mr. President (The Honourable Sir Abdur Rahim): Has that been found by a Court? Otherwise, he should not make that allegation.

Mr. Amarendra Nath Chattopadhyaya: All right, Sir, I drop that.

Sir, the tales of tyranny which is going on in Bengal, in the name of law and order, are sad tales no doubt, but we, legislators, either here or in the Provincial Council, are absolutely helpless to do anything in the matter. We can neither dismiss a magistrate nor a sub-divisional officer, nor a *chaukidar*, and we have to vote their pay. Therefore, I appeal to the Honourable the Finance Member to take this into consideration, to take this helplessness of the people into consideration and sanction such money as would be indispensably necessary for the police.

Sir, I do not desire to compile the statistics of the money spent on the police and the heavenly secret service. I come now to defence. The military expenditure, which has been criticised in this House, year after year, is going on increasing. Are we to meet the expenditure for sending out soldiers to the villages to terrorise them and to dishonour them and to keep them always under threat? Are we to spend money on military defence on such accounts? Here also we feel the helplessness of these 350 million of people, unarmed and unprotected; unarmed under the Arms Act, an unrighteous law, and unprotected, that is, without any law to protect them, and yet there is a Government which sits over them and is maintained by their taxes. Sir, this army of occupation has been a burden on the people, on the poverty-stricken people starving from day to day without any remedy. Sir, I appeal to the Finance Member to take this matter into consideration again. This is the third head of the policy I am discussing,—the policy of exploitation, the policy of conquest of culture, the policy of policing and military, and, lastly, this legislative policy. Such a humiliating and specious institution could only be devised by a Government which Mahatma Gandhi has rightly called Satanic. Satan devised a plan for avenging God by corrupting man whom He had created in His own image; and the British statesmen devised this Legislature to wean away patriots from the right path of service to their great and fallen country and turning them away from their proper field of activity to these hollow and sham fields of logomachy. The Finance Member may ask me why I have come here. I may tell him that it was a pure and simple chance. Mr. Griffiths had arranged my stay in a *better place* no doubt, but the Government of Bengal had unwittingly interfered.

An Honourable Member: You should be grateful to them!

Mr. Amarendra Nath Chattopadhyaya: I do not know whether I should be grateful for coming here or for being sent to jail.
3 P.M. Perhaps the Government of Bengal thought this place to be better suited for the purpose of dimming the light and fire of Indian life by the slow process of a debating club. When I came here, I did expect to expose the hollowness, at least the shamness, of this House, but Sardar Sant Singh has deprived me of that also. By his motion of privilege, he has taken away the privilege of sending my speeches to the papers; they would not venture to print them. But, Sir, I am standing here to tell the Treasury Benches that the time has come for a *new orientation*, because India is the political danger of the world. All nations are now preparing for war. Why? Because they are all jealous of one another, and mightily jealous of the British power, because British power holds India. So, a new orientation is necessary. The old policy has to be changed. The Honourable the Finance Member admitted that India has a wonderful

recuperative power. A greater truth than that has never been said by any one, but this recuperative power has almost gone. The power lies in the manhood of the nation, it does not lie in money, nor in wealth, nor in commerce. We had an independent India. Why did we lose our independence? We had our commerce, we had our industries, we had our education, we had everything that is necessary for a nation. Why did we lose India? Why did the Hindus lose India and why did the Muslims and Hindus together lose India when the Britishers came? It is due to want of manliness; individual manliness does not pay, national manliness is wanted. If the recuperative power of India is to be restored, it is to be restored by helping the people to become manly, and not by this sort of exploitation of unarmed people. It is the duty of any Government, which calls itself civilised, which calls itself free, to give us that liberty which Britain enjoys—liberty of speech, liberty of thought, liberty of movement, liberty of action. Then alone can this recuperative power be restored.

By the way, I should like to relate a story of my interview with one of the very old schools of officials of Bengal whom I met in 1922. He asked me, in that interview: "Why don't you like the British Government, have not the British Government given a better rule? Why are you annoyed with this Government?" I asked him in return, "Would the people of England like to have a better government under the Germans?" He said "No". I asked him, again: "Whether British youths would allow themselves to be treated as inferior to the Germans in England if Germany conquered England?" He said: "No". Then, I asked him: "Why you expected Indian youths to be satisfied with their position in India, and whether you would like England to be exploited by Germany?" He said: "No". Then, I asked: "Whether you would like the British people to be deprived of the right of free speech, the press to be gagged, and associations banned by promulgation of Ordinances?" He said: "No." If he would not like these things, why should he expect Indians to like the British to be here indulging in these things and yet posing to be giving good Government.

Mr. M. A. Jinnah: Because Indians are willing.

Mr. Amarendra Nath Chattopadhyaya: Did not Indians accept the foreigners at their face value? Yes, they did.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): They were forced to accept them.

Mr. Amarendra Nath Chattopadhyaya: I do not know if they were forced to accept them; I think they willingly accepted . . . .

Sir Muhammad Yakub: Otherwise, they would not have been here.

Mr Amarendra Nath Chattopadhyaya: The other day, Sir James Grigg gave us a sermon on decent administration, purity of character and discipline. I request the Honourable the Finance Member to read again the history of the British occupation of India. I request him to read the Act of Parliament of 1833 and the Proclamation of the Gracious Queen Victoria of blessed memory. How have they been honoured both in England and in India? Did not Her Gracious Queen say:

"In India's prosperity will be Our strength, in India's contentment Our security and in her gratitude Our best reward." Digby's "Prosperous British India."

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): This is the old testament.

Mr. Amarendra Nath Chattopadhyaya: Did not Lord Lytton say (Digby's Prosperous British India):

"The Proclamation of the Queen contains solemn pledges spontaneously given and founded upon higher justice."

Did not Her Gracious Queen in her Jubilee say:

"It has always been and will continue to be My earnest desire that the principle of that Proclamation should be unswervingly maintained?" (Digby's Prosperous British India.)

Did not Lord Curzon say that India was the pivot of the British Empire, that if the Empire lost any other part of the Dominions, they could survive, but that if they lost India, the sun of the Empire would set? Sir, Lord Roberts said (Digby's Prosperous British India):

"The retention of our Eastern Empire is essential to the greatness and prosperity of the United Kingdom; but essential condition of retention, does not depend upon brute force, but however well equipped the army of India may be, were it needed absolute perfection and were its number considerably more than they are at present our greatest strength must ever be and rest on firmer basis of a contented and united India."

Mr. President (The Honourable Sir Abdur Rahim): The Chair would remind the Honourable Member that there are other Honourable Members who want to speak.

Mr. Amarendra Nath Chattopadhyaya: Sir, I have not spoken all these days . . . .

Mr. President (The Honourable Sir Abdur Rahim): That is no reason why the Honourable Member should deprive other Honourable Members, who wish to speak on this Bill, of their opportunity.

Mr. Amarendra Nath Chattopadhyaya: In point of purity, I shall quote a few words of the Court of Directors:

"The vast fortunes acquired in the inland trade have been obtained by most oppressive conduct that ever was known in any country or age."

With regard to policy, I shall quote a few words. The late Mr. Thackeray said (Digby's Prosperous British India):

"It is to our interest to retain in our hands such power and influence as is consistent with the preservation of the rights of the people." (*Social rights certainly.*)

But, in India, naughty spirit, independence and deep thought, which possession of great wealth gives, ought to be suppressed:

"We do not want generals, statesmen and legislators; we want industrious husbandmen."

The effect was, Sir, social and mental degradation of the nation:

"The preservation of our dominion in the country requires that all the higher offices should be filled with Europeans and that all offices which could be left in the hands of natives without prejudice to our might might with advantage be left to them."

With regard to corruption, he says (Digby's Prosperous British India):

"We have had instances of corruption among Europeans notwithstanding liberal allowances; but if the number of Europeans be considerably augmented and the allowances somehow reduced, it would be contrary to experience to believe that corruption would not greatly increase, and more particularly as government cannot possibly exercise any efficient supervision over the misconduct. If we are to have corruption, it is better that it should be among the natives than among ourselves, because natives will throw the blame upon their own countrymen."

Sir, in this way, if they have established power, what is it worth? If it is founded on vice, if it is founded on ignorance and misery, that power cannot stay . . . .

The Honourable Sir Nripendra Sircar (Leader of the House): Then, why bother about it?

Mr. Amarendra Nath Chattopadhyaya: We want to correct it.

Mr. M. A. Jinnah: You want to continue the power?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should now conclude his speech.

Mr. Amarendra Nath Chattopadhyaya: I have many things to say . . .

Mr. President (The Honourable Sir Abdur Rahim): But time is limited.

Mr. Amarendra Nath Chattopadhyaya: I was given to understand that there is no time limit in this debate . . . .

Mr. President (The Honourable Sir Abdur Rahim): Yes: there is no time limit: if the Honourable Member goes on like this and deprives other Members of the House of their right, then surely the House will know how to enforce it.

Mr. Amarendra Nath Chattopadhyaya: Then, I shall close. Sir, when I was expecting to continue my speech, I have been asked to stop. I know there may be possibility of speaking on the amendments hereafter and on the third reading; so I shall cut my speech short.

In Bengal, the question of the Communal Award is very strong. Communalism is not strong there, but the Award has been questioned and Bengal has proved at the last election how she felt. Now, the Honourable the Leader of the House had rightly said that the question is dead. In Bengal, when the elections were going on, the difference between the Congress and the people was very strong. Now, the Bengal Congress has solved that question and has unanimously taken the attitude which the nationalists of Bengal have taken. Therefore, he is right that it is dead; but the pinch is there. As nationalists, they revolted against it in the Bengal Council, but they feel their helplessness. I shall quote for my Muslim friends here, how a Muslim youngman feels about this matter of communalism—Mr. Abdulla Aziz Azad. He had been away

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from India in the days of the *hijarat* and went to Afghanistan. He writes:

"When I arrived in Afghanistan, I was not allowed to stay in Kabul, and was sent with the party to a village . . . Thus days passed with us as years, and weeks as decades. With every day our grievances grew. We had time naturally to think out our political programme and we quickly realised how we had been in India and what great folly we had committed in sacrificing ourselves in the interests of other countries that did not care for us and which looked upon us as being brainless puppets. This little village and later on Angora proved to be unique and unparalleled school in moulding us into strong nationalists. Most of us who had left India finally realised that our sacrifices could only be useful if they were made for the cause of the country in which we were born, that our best and dearest friends could only be our own compatriots, and that irrespective of caste, creed or religion, we must unite ourselves into a mighty strength against which the most furious waves of power in the world would be as nought."

Sir, this comes from a Muhammandan young man. I know there are many Muhammadans like him.

Sir, the other day, when passing by the Kashmiri Gate, I marked the signs of cannon balls on the gate. It reminded me of the days when Hindus and Mussalmans stood side by side, shed and co-mingled their blood for the cause of the country and fought side by side for the sake of the country's freedom . . . . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must talk on the Bill. He is talking on all sorts of irrelevant things. He must talk on the Finance Bill.

Mr. Amarendra Nath Chhattopadhyaya: But, Sir, communal questions have been allowed to be discussed.

Mr. President (The Honourable Sir Abdur Rahim): Communal questions like the Communal Award have been discussed.

Mr. Amarendra Nath Chattopadhyaya: I am not an economist, Sir. I am a nationalist. I shall accept every man who talks of India as his own home as my brother. I know, Sir, they do not want this Communal Award. The nation and the community, which stood side by side 70 years ago to die for the freedom of the country, cannot be satisfied with small mercies in the shape of loaves and fishes. I know both Hindus and Muslims will agree in baffling the attempts on the part of the Government to separate them. Sir, I shall close my speech abruptly without going into many matters I had a mind to speak about. I had to say a good deal on many subjects.

Sir, if there is fundamental disorder at the base of the organisation, unless that is cured, no attempt on the part of the Honourable Member to present a satisfactory budget will succeed. Here, we have symptoms of the disease, and not the disease itself. The world has spun out of its centre of gravity, and it is panting for its equilibrium, and unfortunately it is really failing in its breath. Vested interest is blocking all doors against reason, equity and justice. England talks of the restoration of the peace of the world, but she herself is failing, as she has failed, to adjust her relations with India. She still wrongly thinks India to be a subservient slave to add fuel to the fire of her greed for power and wealth. Had

England treated India as a friend and equal, she would have been a perennial source of strength to England. To go off the gold standard, to tag rupee to the sterling to stabilise the exchange, to control production, to export distress gold out of India, will be in vain unless the root cause is removed. Sir, in Bengal, they are trying to restrict production of jute to raise the price of food stuffs and help agriculturists, but would that really help them? With the heavy national debt heaped on the helpless people and abnormal amount of interest to pay on that unfair, unjust, iniquitous debt, the agricultural indebtedness of the teeming millions, of the ignorant helpless masses, going on increasing with this, the hopelessly top heavy administration to add to their burden, an irresponsible bureaucracy, an unsympathetic Government relying for peace on costly police and military force, and the more costly secret service and lawless laws, pampered with ordinances and certification, with all these and sundries the Government expect to restore peace. No, Sir, it is impossible to restore peace in this country under present circumstances. So far as India is concerned, the Finance Member has to take courage in both hands and declare like Herr Hitler that India shall not pay her debts, at least those debts which were not incurred for her own benefit. Sir, India had no debts, nor did she feel the necessity to be indebted to anybody in the world. She is a self-contained country, and there is no need for her to be a hanger-on on any other nation. Every country, every nation depends for its food and nourishment and for its wisdom on India. If the Finance Member has that clear vision, I am sure, he will try to do justice to his responsible position, and India's wealth which has been taken away will be restored. I know, Sir, I cannot expect too much from the Finance Member, but young as he is perhaps he will be able to see the defects in the present system of administration. I hope my appeal will not be in vain, and so long he will follow the old rut left by his predecessor's carts loaded with exploited wealth of India, he will have to present to the Assembly a monotonous humdrum budget which does credit neither to himself nor to the country. With these words, Sir, I leave the matter to the House and ask them to reject or accept the entire Bill and to tell the Finance Member that he is free to withdraw the Bill and present a better one.

The Honourable Sir James Grigg (Finance Member): Sir, the Deputy Leader of the Congress Party said towards the beginning of this debate that he did not think they would have much to say about the Finance Bill. It is true that he did once forget himself, and, at the end of his speech, he threw in a few perfunctory remarks about a plunderer's budget and a robber's budget, but his heart was not in it, and apart from these two perfunctory references to the budget, he justified his own prophecy as far as his own speech was concerned at any rate. And of course everything that has happened since confirms his prophecy. In fact, in nine out of ten of the speeches we have listened to so far, there has been nothing at all about the Finance Bill and not even anything generally financial or economic. We have had considerable orations on such topics as the following: The Publication of "India in 1933-34", the Hindi-Gurmukhi Circular in the North-West Frontier Province, the Privileges of the Members of this House, the Communal Award, the Shahidgunj Dispute, Military Policy, the League of Nations, the Italo-Abyssinian Dispute, Regulation III, and I gather, I do not know what the last speech was all about, but I gather it related to the history of civilization and the rest of

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the world (Laughter) from the earliest times. Then, we have had a disquisition on the necessity of the domination of Europe by Asia as a panacea for all the world's ills. The last mentioned was raised by Pandit Malaviya who, at another stage of his speech, impinged on finance without knowing it, I believe, like the Bourgeois Gentilhomme when he found he had been talking prose without knowing it. The Pandit talked of the ability of the Swaraj Government to enlist some two or three crores of young men in the army.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Cannot we do it if it is necessary?

The Honourable Sir James Grigg: Let us look at the financial implication of this. Let us assume no more than a small pittance of Rs. 10 a month as the cost of each soldier; the cost of three crores of soldiers at this rate would be Rs. 360 crores of rupees a year, a bit of burden on the Swaraj budget that.

Pandit Krishna Kant Malaviya: I did not mean that all the 3 crores should be raised at once; I only meant that one could if one so chose.

The Honourable Sir James Grigg: You have had your say. Whether he talked of finance without knowing it or not, of course, it is impossible for me to say, but he certainly seemed to me to have talked without thinking seriously, and if it would not be misunderstood in these hyper-sensitive times, it certainly seemed to us that he was talking concrete nonsense.

Pandit Krishna Kant Malaviya: So far as you are concerned, because you are not prepared . . . .

Some Honourable Members: Order, order.

The Honourable Sir James Grigg: The only speech, practically the only speech, which dealt closely with the Finance Bill was, of course, that of the Leader of the European Group. I will first deal shortly with that, and then I will come to two other speeches, which, though saying nothing about the Finance Bill, nevertheless, did touch on questions of general economic policy. Those are the speeches of the Deputy Leader of the Opposition and of Sir Hormasji Mody, The first half of the Pandit's speech dealt with the history of British rule in India, and I will remark on that separately, but as briefly as I can. The second half of it and the whole of Sir Hormasji Mody's speech dealt with the subject of industrialisation, and this second half of the Pandit's speech and Sir Hormasji Mody's speech I will try to bring into their proper relationship and devote the main or a considerable part of my remarks to an effort to bring them in into such relationship.

Sir Muhammad Yakub: But of the two halves, which was the better half?

The Honourable Sir James Grigg: I am not an expert in valuation.

First of all, let me take Sir Leslie Hudson's remarks. My Honourable friend complained that on the last occasion I spoke, I devoted too much of my speech to the Honourable the Baronet from Bombay and too little to the motion under discussion. I think perhaps he was right; at any rate, I do not propose to make the former mistake today.

Mr. S. Satyamurti: Some other mistake!

The Honourable Sir James Grigg: But, as regards the second accusation, I wish to say something in mitigation of sentence. First, I might be allowed to remark that a quite unfounded accusation of breach of faith is not a very effective inducement towards amiability on my part, and secondly, that to talk about emergency taxes as a whole, when you really mean the surcharges on income-tax and super-tax, is a little apt to darken counsel. However, I will try and make some amends for my inadequate attention to his remarks last time. First of all, the Honourable Member said that I had under-estimated last year. That is quite true, and I have already explained the reasons several times, namely, that in revising my predecessor's estimates for 1934-35 I was between 1½ and two crores below the mark. This miscalculation was carried forward into my own estimates for 1935-36, with the result that that year looks like ending with a surplus of something over two crores. But those mistakes have a common cause. In any case, I do not think that, as my Honourable friend, Sir Leslie Hudson, suggested, the revised estimates for 1935-36 are likely to show that there has been appreciable further under-estimating. We now have eleven months figures to go on, and, to give only one example, the receipts from sugar import duty in February were only Rs. 5 lakhs, whereas the corresponding figure for the year before was something over 20 lakhs, I believe, and it is now quite clear that we have over-shot the mark in the revised estimates for the yield of sugar import duty. It is only reasonable to assume that, having been convicted of starting from a datum line which is something between 1½ and 2 crores too low, that has been allowed for in making the revised estimates and in the estimates for 1936-37—in other words, I think it is only reasonable to say that the miscalculation has now disappeared. Certainly I have done my best to make it disappear, and I shall, for my part, be very surprised if next year's revised figures of revenue show any marked variation from the original forecast. If that is so, then there is certainly no further margin for bigger reductions of taxation than those I have ventured upon, especially as I have shown in my budget speech that there will be something like five crores, it may be more, of extra burdens in 1937-38, the year following the one we are discussing, and these, as I tried to show in the budget speech, can barely be met by carrying forward the windfall of the unallocated surplus of the year 1935-36. With so many contingencies to face, how can we take the risk of dissipating our resources still further? Provincial autonomy must take the first place in my mind.

Mr. S. Satyamurti: Why? You are the Finance Member of the Government of India.

The Honourable Sir Nripendra Sircar: Don't interrupt him like that.

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

Mr. S. Satyamurti: I simply asked him why.

The Honourable Sir James Grigg: Provincial Autonomy must take the first place in my mind at this juncture.

Mr. S. Satyamurti: Why?

The Honourable Sir James Grigg: That is obvious, (Laughter), possibly not to a Madrasi.

Mr. S. Satyamurti: We have a sound budget there.

The Honourable Sir James Grigg: And I do not think that the European Group can really mean that the income-tax surcharges must be removed even if it means postponing the first stage of the reforms. As for the surpluses of 1936-37 and 1937-38, the suggestion that I should here and now promise to use them—if and when they arise—for this purpose, that is, for the purpose of removing income-tax surcharge in advance of everything and whatever the situation, including I suppose, a reduction in the postcard rate, —I do not like, in spite of all appearance to the contrary,—I do not like to be obstinate, but I have seen so many contingencies crop up in the course of a year and so many budget embarrassments caused by neglecting to prepare for contingencies, that I do not see how, in honesty, I can be more specific over this matter of the income-tax pledges than I have already been. Nobody knows what Sir Otto Niemeyer is going to recommend.

Mr. S. Satyamurti: Don't you?

The Honourable Sir James Grigg: Perhaps he does himself. And it may be. even if there is a surplus in 1936-37 it will be wanted to prop up the revenues of 1937-38. the first year of provincial autonomy, or possibly the second year, 1938-39. I say, therefore, that I cannot in honesty add to the pledges or make them more precise than I have already done. And I certainly do not want, in fact, I will not try to humbug the House with vague formulae which will, if they are to be made at all, have to be so protected that they will mean nothing. On the other hand, I do not seek for one moment to qualify the pledges, and though I cannot hope that my Honourable friends. in the European Group, will be content with what I have said, or appreciably more content even, at all events, I do ask them to be comprehending and charitable.

I should like now to come to the dissertation of my Honourable friend, Pandit Govind Ballabh Pant, on British exploitation in India. He made a lot of quotations from what sounded to me to be like our old acquaintance R. C. Dutt, and, with the aid of them, he painted the picture of a land, naturally fertile and wealthy, a people thrifty and clean and a golden age of peace and plenty down to the British conquest 150 years ago. After that, his picture changes. Poverty, disease, exploitation, emasculation, whatever that might mean. . . (Laughter) . . ., and so on. Of course, both pictures are quite unreal, and, although, as a general rule, I do not believe in disinterring the past, I do not think that on this occasion I should not let pass in silence this repetition of the charges which have so often been made and levelled at Great Britain by the Party opposite and so rarely supported by evidence. Of course, it would be easy to produce a direct contradiction from other speakers in the course of this debate of some of his theses. For example, compare his account of a thrifty people with Dr. Ziauddin's story of 1,200 crores of accumulated private debts and compare his account of a land flowing with milk and honey with Sir Hormasji Mody's story of a land of poor soil—I think I am quoting his exact words—and precarious rainfall which cannot support its teeming millions, even with the aid of a vast irrigation system, which incidentally has been instituted since the

British came to India. But I can do more than that. I can produce quotations, many of them from Indian writers, to show that neither his picture of an earlier golden age nor his picture of British exploitation will bear investigation.

An Honourable Member: Question.

The Honourable Sir James Grigg: References to famine are to be found in Indian literature from the time of the Vedas onwards. In Kautilya's *Arthasastra*, there are frequent accounts of famine, and, incidentally, there are constant allusions to the subject of taxation, including the taxation of salt. Even in the prosperous reign of Chandragupta, we are told of a famine which lasted 12 years. Then, passing on to 917 A. D., here is a description of a drought in Kashmir:

"One could scarcely see the water in the Jhelum, entirely covered as the river was with corpses soaked and swollen by the water in which they had been long dying. The land became covered with bones in all directions, until it was like one great burial ground, causing terror to all beings. The King's ministers and guards became wealthy as they amassed riches by selling stores of rice at high prices. The King would take that person as minister who raised the sums due on the guards' bills by selling the subjects in such a condition."

During the Muslim period, we find that as works of history and travel became more frequent, so do the evidences of famine and distress. Before the Moghul period, the more severe of these visitations occur in the reigns of Jalaluddin Khilji, of Mahomed Tughlak and Bahmani Sultan Firoz. This is the account of a Russian traveller who writes of conditions of life in 1470 during the Bahmani regime:

"The land is overstocked with people; but those in the country are very miserable, whilst the nobles are extremely opulent and delight in luxury . ."

Then, at the time of Akbar's accession, this is what is said of the Governor of the provinces of Agra and Delhi:

"The people died with the word 'bread' upon their lips, and while he valued the lives of a hundred thousand men at no more than a barley corn, he fed his five hundred elephants upon rice, sugar and butter. The whole world was astounded and disgusted."

And again:

"Men ate their own kind, and the appearance of the famished sufferers was so hideous that one could scarcely look upon them. What with the scarcity of rain, the famine and the desolation, and what with uninterrupted warfare for two years, the whole country was a desert, and no husbandman remained to till the ground. Insurgents also plundered the cities of the Mussalmans."

Again, we find the following in the *Akbarnama* of Abul Fazl:

"In some districts and especially in the province of Delhi, it reached a most alarming height. If men could find money, they could not get sight of corn. Men were driven to the extremity of eating each other, and some formed themselves into parties to carry off lone individuals for their food."

Again, there are numerous accounts of a terrible visitation in 1630-32 in the reign of Shah Jehan and I will read only one of them:

"Life, says Abdul Hamid, was offered for a loaf, but none would buy; rank was to be sold for a cake, but none cared for it . . . . For a long time, dog's flesh was sold for goat's flesh, and the pounded bones of the dead were mixed with flour and sold . . . . Destitution at last reached such a pitch that men began to devour each other, and the flesh of a son was preferred to his love."

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and ,finally, here in Bengal, in 1770, we find:

"The scene of misery that intervened, and will continue shocked humanity too much to bear description. Certain it is that in several parts the living have been fed on the dead."

Dr. P. N. Banerjea (Calcutta Suburbs: Non-Muhammadan Urban): This was under British Rule. Brush up your knowledge of history.

The Honourable Sir James Grigg: They had been only 13 years any way.

Now, take the other side. (*A Voice*: "Name of the book please.")

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member might mention the name.

The Honourable Sir James Grigg: This is a collection from various writers. I can give the reference to all of them.

An Honourable Member: What is the collector's name?

The Honourable Sir James Grigg: This is Mr. Findlay Shirras quoting from various other writers. In most of these cases, the evidence is that of non-English people.

Dr. P. N. Banerjea: Was it under British rule or not?

The Honourable Sir James Grigg: All but the last were before the British ever came to India. Now, take the other side. There is no doubt that under the British regime, famine has disappeared (*Cries of* "Oh"), and that a far greater measure of security and peace prevails than ever before, though, for reasons which I could not fathom, my Honourable friend, Pandit Govind Ballabh Pant, seemed to regard these as grievances but there is a good deal more to it than that. Here is a quotation from Prof. Brij Narain:

"The British Government has done more to improve Indian agriculture and to increase production than any of our rulers in the past. Agricultural production in normal years is much greater than it ever was and, thanks to the development of irrigation and rapid means of transportation, the very meaning of the word famine has changed. No part of India has benefited more by the development of irrigation than the Punjab. Our canal system is one of the wonders of the world and its importance to the economic life of the Punjab is recognised by every one. Attention has also been paid to the improvement of agriculture. Among other things which deserve notice is the introduction of improved varieties of crops. While India's agricultural wealth and income have increased, the share taken by the Government as land revenue has steadily decreased."

Compare this with the situation three centuries before. This is a witness called Linschoten, who, I imagine, is a German. He refers to the poverty of people in South India:

"They are so miserable that for a penny they would endure to be whipped, and they eat so little that it seemeth they live by the air. They are likewise most of them small and weak of limbs."

Here is another quotation; it certainly is from an Englishman, almost the first Englishman to visit India, Sir Thomas Roe. He said:

"The people of India live as fishes do in the sea. The great ones eat up the little ones. For first the farmer robs the peasant, the gentleman robs the farmer, the greater robs the lesser, and the king robs all."

(Interruptions.)

This is three centuries ago. And here is another evidence from Bernier, whom I take to be a Frenchman, about a century later:

"Even a considerable proportion of the good land remains untilled for want of labourers; many of whom perish in consequence of the bad treatment they experience from the governors. These poor people, when incapable of discharging the demands of their rapacious lords, are not only deprived of their means of subsistence but are bereft of their children who are carried off as slaves. Thus it happens that many of the peasantry, driven to despair, by so execrable a tyranny, abandon the country, and seek a more tolerable mode of existence either in the towns or in the camps. Sometimes they fly to the territories of a Raja, because they find less oppression and are allowed a greater degree of comfort . . . the ground is seldom tilled except under compulsion, and no person is willing or able to repair ditches and canals. The whole country is badly cultivated and a great part is rendered unproductive for want of irrigation . . . No adequate ideas can be conveyed of the sufferings of the people. The cudgel and the whip compel them to incessant labour for the benefit of others."

An Honourable Member: What was happening in England at the time?

The Honourable Sir James Grigg: The Pandit's charge is not a real one.

Pandit Govind Ballabh Pant (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): On a point of personal explanation, Sir. I am thankful to the Honourable the Finance Member for giving us so many quotations from obscure persons, but the gravamen of my charge was this that at the time the connection of Britain with India started, the two countries had an almost even standard of living: India was a manufacturing country and England had been importing Indian goods. But during this interval England strove to destroy industries in India, and it destroyed the manufacturers at the outset, and England thus made phenomenal progress at the cost of India. (Hear, hear.)

The Honourable Sir James Grigg: I say that that picture is not a true one. (*Voices*: "How? How?") Sir, the whole thing is part of the ordinary stock-in-trade of the Congress propagandist, and this process of vilification is not a new one. Now, let me read another quotation—again something very interesting:

(Interruptions.)

Mr. President (The Honourable Sir Abdur Rahim): Order, order. Honourable Members, while they were speaking, criticised Government in very severe languages, and the Government Member is now criticising the statements previously made by Honourable Members,—in reply to their own criticisms.

The Honourable Sir James Grigg: I will give another quotation, and the object of this quotation is to show that this stock-in-trade—as I have referred to it—of the Congress propagandist is not a new thing, and I

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will read a passage which seems to me to have a surprisingly modern connotation. This is from Lord Curzon who, at the time, was Viceroy:

"There has always remained a school of thought that declined to be convinced. With them the poverty of the Indian peasant, the decline of the country, and, I may almost say its ultimate ruin have almost become an article of political belief, based upon sentiment rather than reason, and impervious to the evidence of facts. And the final argument that has always been used by critics of this class is the following: 'We are not impressed by your figures. We do not believe in your surpluses. We are not even convinced by your occasional doles. Not until you give a permanent relief of taxation shall we be persuaded either of the sympathy of Government or of the prosperity of the country. This is the sure and final test of the condition of India and of the statesmanship of its rulers.' Well, I feel inclined to take these critics at their own word and to invite them, now that we have subscribed to their test, to abate their melancholy, and to be a little more generous and less sceptical in the future.

There exists a school that is always proclaiming to the world the sad and increasing poverty of the Indian cultivator, and that depicts him as living upon the verge of economic ruin. If there were truth in this picture I should not be deterred by any false pride from admitting it. I should, on the contrary, set about remedying it to the best of my power at once. Wherever I go I endeavour to get to the bottom of this question, and I certainly do not fail to accept the case of our critics from any unwillingness to study it."

Again:

"It is not a stationary, a retrograde, a downtrodden, or an impoverished India that I have been governing for the past five and a half years. Poverty there is in abundance. I defy any one to show me a great and populous country, or a great and populous city, where it does not exist. Misery and destitution there are. The question is not whether they exist, but whether they are growing more or growing less. In India, where you deal with so vast a canvas, I daresay, the lights and shades of human experience are more vivid and more dramatic than elsewhere. But if you compare the India of today with the India of Alexander, of Asoka, or Akbar, or of Aurangzeb—you will find greater peace and tranquillity, more widely diffused comfort and contentment, superior justice and humanity and higher standards of material well-being, than that great dependency has ever previously attained."

Sir, no Englishman would wish to defend all that happened in India at the time of the conquest. No Englishman would deny that mistakes have been made since. But, on the whole, I think we can claim that India has been governed in the interests of India and not in the interests of the United Kingdom. (*Voices of* "Question, question" and "No, no".) Of course the usual nationalist theory of the fiscal exploitation of India has had to recede into the background since the reforms of 1919 and the fiscal autonomy convention.

Mr. M. S. Aney (Berar Representative): It is "fiscal autonomy fiction" instead of "convention".

The Honourable Sir James Grigg: We now hear much more of the drain of dividends, of pensions, of profits, of remittances, and so on, and I, therefore, turn aside to deal with these. Now, let me take the year 1934-35 which is the last year for which some sort of figures are available so far as Government accounts are concerned. The external payments on revenue account, which means non-capital payments—capital payments were very small in that year—were about £38 millions of which £26 millions was interest and dividends on foreign capital invested in

India including Government loans. Even this interest on foreign capital is sometimes regarded as a tribute! So I would like to make two quotations, one from the Report of the External Capital Committee of 1925, and it is in itself a quotation from Professor B. Mukherjee:

"British capital has helped India in several other ways not easily realised, because they do not lie in the surface. We all welcome the increasing share of Indians in our industries. We are proud of those Indians who prosper in these lines. We are happy when they succeed. But it must be admitted that part of the reason why they succeed so well lies in the fact that the field for them had been cleared long ago by British capitalists. The losses of pioneer industrialism in this country were borne by them. The greater part of the capital which they invested did not become fully remunerative until after long years of strenuous waiting and work. The huge profits which these capitalists make—Sir George Paish puts it at £16 millions per annum—are seen; but the losses which they had to bear are not seen and are thus generally ignored. These initial losses are inevitable when a country is first sought to be developed. And these losses the British capitalists had to bear. But once the country is developed—as it is now—once railways and steamers are built, markets are established, demand is stimulated and created, population has increased, a labouring class is created and trained—all those who handle industries later on get the benefit of this development without being called upon to pay any price for it. Indian capital which is now for the first time financing industries has avoided all these initial costs of development. It has also escaped a good deal of such initial industrial losses. It is easier for the Indians to succeed than would have been the case if the British pioneers had not lost. England has still a vast amount of her money invested abroad on which she still gets no interest at all."

4 P.M. One more quotation from the Report of the Indian Central Banking Enquiry Committee, or rather from the second Memorandum of the Foreign Experts, I believe, none of whom was British:

"Foreign capital for India has not been encouraged lately by the general state of affairs; the country has to be aware that a more rapid economic development, particularly one so largely agricultural in character is scarcely possible without the attraction of foreign capital. If foreign capital is to be dispensed with a slower speed of economic progress has to be accepted in consequence."

I have read these two quotations, because, as I say, the investment of foreign capital in India or rather the payment of interest in respect of foreign capital in India is often referred to by Honourable Members opposite, as a drain or a tribute or blackmail or exploitation or some such like word. Let us suppose for a moment that the amount of foreign capital invested in India, to put at a low figure, is 800 millions sterling. As regards this figure of 800 millions sterling I can tell the Assembly how I arrive at it. It is made up of a quite definitely identifiable figure of 660 millions sterling. Then, I make some allowance for a proportion of another amount of some 500 millions odd sterling which represents foreign investments in companies which trade in other countries as well as in India. I make a comparatively small allowance and I take the figure of foreign capital invested in India as 800 millions sterling and on that 26 millions represents a very modest return of 3¼ per cent. Compare this rate of interest with the standard figure of interest prevailing in this country, namely 18¾ per cent. or three annas in the rupee, I think, rates at 25 per cent. 50 per cent. or even 75 per cent. which, Dr. Ziauddin Ahmad said, three days ago, were quite frequent rates charged by money-lenders in India.

Pandit Govind Ballabh Pant: May I know how this 800 millions sterling is made up?

The Honourable Sir James Grigg: Out of this, 660 millions sterling is identifiable figure. 140 millions sterling is the allowance for a proportionate share of the capital of foreign companies which trade with India as well as with other countries. Subtracting 26 millions from the total of 38 millions, we get about 12 millions or 16 crores and even of this, a certain amount represents purchases of Government stores abroad. The only sum which in any sense, therefore, can be called a drain on India is considerably below 16 crores. I do not know where my Honourable friend, Pandit Govind Ballabh Pant, got his 150 crores from. I imagine that it includes the whole of the income of the British in India whether they spend it in India or not which is obviously quite unfair. Unfortunately, the last figures of estimates of national income of India which I can lay my hands upon are for the year 1932-1933 when it was something over 1,600 crores. It has almost certainly increased since then, as 1932-33 was at the bottom of the slump. But, even taking the figure of national income as 1,600 crores, the share of the national income covered by this so-called drain is less than one per cent. I may again give another figure in order to get matters into proper perspective. I have several times, in this House, mentioned 27 crores as the amount of money provided by the consumers of cotton piece goods and sugar for the indigenous producers of these articles as a consequence of the purely protective part of the duties levied upon them. I stick to this figure and I am quite undeterred by the argument of my Honourable friend, Sir Hormasji Mody, that the prices of goods are, in some cases, no higher than they were when protection was imposed. What consolation is that when, in the meantime, prices generally have fallen almost catastrophically. It simply means that the consumers expenditure or rather his cost of living is at least maintained while his income has fallen considerably. Apart from that the proper criterion is not what the price was ten years ago or seven years ago, it is what the price of the protected commodities is in the world market. In my mind there is no doubt whatever that this is the right basis and speaking generally though there are occasional exceptions. I have no doubt that the consumer and not the foreigner pays the cost of protective taxation. I leave the House to compare the two tributes and to ask itself at the same time whether it is really being consistent in pressing so often simultaneously for reductions in remunerative taxation—by remunerative I mean taxation where the whole of it comes to the treasury, available for the services of Government—and in pressing for increases of protective or unremunerative taxation.

Now, Sir, I come to the third section of my speech. I am a little puzzled to know what is the relationship between the second part of the speech of my Honourable friend, Pandit Govind Ballabh Pant and that of my Honourable friend, Sir Hormasji Mody, whether it is a case of an unhallowed combination to lead me up the garden, an alliance of Congress and Big Business, two minds with but a single thought, or whether it is a case of Sir Hormasji Mody having first led Pandit Govind Ballabh Pant up the garden, and, using him as a decoy, duck for me. Anyhow there was a remarkable unanimity in their views. I was a little sad that my Honourable friend, Pandit Govind Ballabh Pant, made little or no reference to economic planning. A second time this year he has disappointed me. The first reason for disappointment was because my armoury of literature on the subject has been produced and read in vain, and, secondly, because I now have no opportunity of asking him precisely

what his plan was. In view of his mild remarks about State Regulation, but of course without socialisation, I take it that he repudiates the plan of his Leader:

"The land problem could only be solved by collectivisation which would involve expropriation"—

I am quoting from the *Hindustan Times*. Anyhow, I can quite understand Pandit Govind Ballabh Pant's reluctance to advocate Planning on the Soviet model just at this present juncture. Instead of looking to Russia for his inspiration, he has joined the Bombay Millowners' Association (Laughter) and like the fox who lost his tail and invited his brothers to cut off theirs, he invited me also to join the Bombay Millowners' Association. (Laughter.)

Pandit Govind Ballabh Pant: You joined the European Chambers of Commerce.

The Honourable Sir James Grigg: Industrialisation is the new cry. My Honourable friend, Sir Hormasji Mody, reaches this process through more and more protection given after less and less enquiry for longer and longer periods. (Laughter.) The Pandit would temper this process or possibly accelerate it by a series of State guarantees of interest and capital. Of course I can understand Sir Hormasji Mody. Protection up till the point when it has ruined the country entirely or until the workers and consumers unite to find it intolerable is very good for industrialists. They can levy their tribute on workers and consumers alike but really,—and I say this in all seriousness,—had not they better exercise a little moderation? And if there is no risk of being misunderstood, or at any rate no more than the usual risk of being misunderstood, I should like to tell the House and Sir Mormasji Mody a story which may or may not have some application. Two distinguished surgeons were talking one day and one of them asked the other what it was that he had operated on a certain man for. The other replied, "A hundred guineas". No, what had he got? "A hundred guineas". (Laughter.) But, Sir, I am surprised and pained, in spite of all appearances to the contrary, at the Pandit having pleaded for a modern and scientific outlook. He trots out a mildewed old German or,—I was not quite sure,—an Austrian economist, incidentally a high priest of protection in the days over a hundred years ago,—he wrote before the Corn Laws were repealed and they were repealed 90 years ago, and held him up to me as an example of up-to-date thought. Moreover, the Pandit wants to throw away all the advantages of specialisation, which seems to me neither scientific nor up to date. However, I do not want again to go into this eternal question of free trade and protection. As I have said publicly, as well as in the private conversations to which Sir Hormasji Mody referred, I accept—naturally being a Member of the Government of India—the fiscal policy of 1923. I would merely remark in passing that this policy insisted on two things which have been almost entirely overlooked. The first is that we must see that the industries protected can ultimately be self-supporting; and we must consider carefully the effect on revenue of what we do. As I have just said, I do not want to go again at any great length into this eternal debate of free trade and protection, but I do want to go into this new theory of industrialisation as a cure for unemployment in general and middle class unemployment in particular. For, I think, it is very desirable—if it is not brutal and rude to use an American colloquialism,—I do

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think it is very desirable to "debunk" this before it gets too great a hold on men's minds. The first thing is to attempt some quantitative examination of the problem, though, of course, the absence of reliable statistical information makes this rather a difficult task. I propose that we should ask ourselves what would happen in additional industrial employment if India ceased to import any manufactures from abroad. Professor Thomas of Madras, in a paper which he read recently before the Royal Economic Society in London, hazarded a guess that hardly a million additional labourers can be employed on such an assumption. I have had some more detailed, but still necessarily rough, calculations made for me, and these lead to the conclusion that the figure is not likely to be much more than half a million, which means, adding one-third only to the present factory population. And lest this figure should seem to the House ludicrously small, let me say that the contribution of the Indian textile industry to this total of half a million is about 140,000; which means that, to produce in India an extra thousand million yards, we calculate that it would create jobs for about 140,000 new labourers directly. That word "directly" is important because I will come back to it later on. According to my predecessor, between 1913 and 1933 the indigenous production increased by over 2,000 million yards and in that time the numbers employed increased by only 180,000.

Now, obviously, even a switch-over of half a million persons from agriculture to industry is going to leave India still overwhelmingly an agricultural country, and clearly the purchasing power or the extra-purchasing power of these 500,000 persons and their families is not going to make much increase in general prosperity. On the other hand, we must now take some account of the converse effects of shutting out all foreign manufactures. Clearly this is bound to have a serious effect on exports, and even if we assume,—a pretty large assumption,—that there is no immediate currency debacle, it is quite clear that there is going to be a serious diminution in the number of persons producing for export. Let me give you one or two facts bearing on that subject. At the present moment there are about one million persons employed in plantations and something over a quarter of a million persons employed in jute mills. Now, about 75 per cent. of the product of the plantations is exported. So obviously a serious diminution, if not cessation, of exports caused by the repulsion of imports is going to have a very serious effect and probably would throw a large part of three-quarters of a million out of work. Now, take the jute mills. First of all, let us take the mills and then look beyond them to the growers of raw jute. Of the manufactured jute, three-quarters is exported so that there will be about 190,000 people, or, obviously, a very large number of people, who will be thrown out of employment in the jute mills.

Pandit Govind Ballabh Pant: Have we not got a monopoly in jute?

The Honourable Sir James Grigg: Apart from that, I think 50 per cent. of the raw jute produced in India is exported, and three-quarters of the manufactured jute, as I have just said. I think that means that 7/8ths of the jute grown in India are exported in one form or another. And so the effect of a restriction of imports or the back-fire effect of that on the jute growers of Bengal, apart from the people employed in the factories, would be absolutely terrible, though Pandit Govind Ballabh

Pant says, "Is there not a monopoly?". It is no longer a monopoly. People are producing substitutes; they are busily engaged in trying to grow other substitutes; they use bulk mechanical transport much more; they use the same bags over and over again and, altogether, it is no longer any good deceiving ourselves into the belief that jute is a complete monopoly which people must buy whether they have the money to buy it or not.

Pandit Govind Ballabh Pant: Purchasing jute to oblige us.

The Honourable Sir James Grigg: Not at all. They will buy it at a reasonable price, so long as they can give goods in return. Add to this the fact that the exclusion of foreign manufactures could only be brought about by a considerable increase in the tariff level which would, of course, increase, *pace* Sir Hormasji Mody the cost of the manufactured goods and diminish the demand of the great masses of the population. Taking that into account, it seems to me pretty clear that the process of becoming self-contained in manufactured goods would lead, not to an increase of employment, but to a considerable net decrease, and this, quite apart from the budget difficulties and increased taxation which would result from the loss of revenue caused by prohibitive tariffs. And this conclusion cannot possibly be vitiated by any arguments as to the cumulative effects of industrialisation in creating subsidiary employment. It is mathematically demonstrable, but I won't go into it now. It is a question of what the Honourable Member from Midnapore calls geometrical progression—it is quite demonstrable, I can assure him. And, of course, this nostrum of industrialisation—rapid and stupendous industrialisation—as a cure for middle class unemployment is ludicrous. The Sapru Report refers to an official estimate of 1,000 per annum as the increased intake of University graduates if the industrial output of the country were doubled. Now, the doubling of the industrial output means, on the figures I have produced, an increase two, if not, three times as great as that which I have calculated would follow from the complete exclusion of all foreign manufactures. No wonder that the Sapru Committee sounded a note of warning against the idea that an unlimited number of men, who have received vocational training, will be absorbed by industries and commerce.

Of course, things would be very different if India could in a very few years become capable of producing on competitive terms with the outside world in which case it would become an exporter of domestic manufactures. Even then, if it does not import goods to pay for the domestic manufactures, you are not much better off, but, apart from that consideration, which is almost invariably overlooked, I would like to say two other things. The first is—if Sir Hormasji Mody would allow me to ask him a question which I have already asked him in those private conservations to which he referred: "Do you think or does he think that India will ever be able to compete with Japan on even terms?"

Sir H. P. Mody: Shall I answer that question now?

The Honourable Sir James Grigg: I know the answer. The second is to express a doubt whether, even then, when you have got to the

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state of being able to compete with Japan on level terms, you have solved the problem. Japan is rapidly increasing her exports: that is indubitable. In order to do so, she is reducing her costs of production very strenuously. In the main, this is being done by cutting labour costs, or in other words, by reducing employment. And if anybody doubts that, I will give an illustrative figure. In Japan, between the years 1924 and 1932—a period of great advance in Japanese industry—the number of people employed in spinning, twisting and cotton textile mills employing more than five persons dropped from 358,000 to 260,000 or 27 per cent.

Lest there should be misunderstanding, let me say at once that I do not claim to have put before you—I could not, naturally, in the time at my disposal—a complete analysis of this matter of industrialisation. I do claim, however, to have put before you some of the main and essential elements of the problem and to have established a *prima facie* case for the view that industrialisation by high protection is no solution of it. The speeches of Pandit Govind Ballabh Pant and of Sir Hormasji Mody, if I may say so quite frankly and without intention of offence, are really only two more examples of the looseness of thought which does so terribly prevail in India today. Another example is found in the habit of the Members of the Congress Party—and Mr. Joshi—of complaining about the heavy burdens of taxation on the poor and demanding that we should place further heavy burdens upon them by protective taxation. And there are innumerable others which I need not mention.

But to knock down other people's nine pins, though it may be an essential preliminary to the solution of your problem, is not a solution in itself, and there, I have no doubt, that the Honourable Members opposite will score their revenge. What the solution of the problem is I wish I could say. A good many other people have been trying to solve it and have been spending more than two years on it, but have not solved it. I personally feel tolerably certain that it has got to start in the village and not in the town and start with the individual cultivator, and that it must seek to increase the efficiency of the villager's production, so that he can not only sell more but also consume more. And, at the bottom of that problem, I am not at all sure that the problem that Dr. Rajan referred to is not there—the problem of health and disease in general and malaria in particular. However, the primary responsibility for that problem has for some fifteen years rested upon Indian Ministers, and in one year more, complete responsibility will rest upon Indian Ministers.

Dr. P. N. Banerjea: Where will money come from?

The Honourable Sir James Grigg: Now do you understand why I said that the most urgent job I have to do is to look after Provincial Autonomy? (Laughter.)

Dr. P. N. Banerjea: Will you supply enough money?

The Honourable Sir James Grigg: Wait and see. Incidentally, we are providing Bengal with nearly two crores a year already.

Dr. P. N. Banerjea: Many thanks, but we want more.

The Honourable Sir James Grigg: As far as I personally am concerned, the Government of India will be ready at all times to help, to the best of their power and resources, and, indeed, I think it is clear from the last two budgets that that is the case.

Prof. N. G. Ranga: It is not a recurring grant.

The Honourable Sir James Grigg: Another example of the reflex action! Sir, I have done. I apologise for having taken up so much time of the House, and I thank them for the patient hearing which they have given to me. (Loud and Prolonged Applause.)

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

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, be taken into consideration."

The motion was adopted.

ELECTION OF A MEMBER TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Wednesday, the 18th March, 1936, the time fixed for receiving nominations for the Standing Committee on Pilgrimage to the Hedjaz, two nominations have been received, out of which one candidate has since withdrawn his candidature. As there is only one vacancy, I declare Qazi Muhammad Ahmad Kazmi to be duly elected to the Committee.

The Assembly then adjourned till Eleven of the Clock on Friday, the 20th March, 1936.