

24th March 1936

THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume V, 1936

THIRD SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,
1936



NEW DELHI
GOVERNMENT OF INDIA PRESS

Received.....18.X.73.

Legislative Assembly.

President :

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

Deputy President :

MR. AKHIL CHANDRA DATTA, M.L.A.

Panel of Chairmen :

PANDIT GOVIND BALLABH PANT, M.L.A.

SIR COWASJI JEHANGIR, BART., K.C.I.E., O.B.E., M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

SIR MUHAMMAD YAMIN KHAN, KT., C.I.E., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.



Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions :

MR. AKHIL CHANDRA DATTA, M.L.A., Chairman

SIR LESLIE HUDSON, KT., M.L.A.

MR. B. DAS, M.L.A.

DR. ZIAUDDIN AHMAD, C.I.E. M.L.A

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

CONTENTS.

VOLUME IV.—18th March to 31st April, 1936.

	PAGE.		PAGE.
WEDNESDAY, 18TH MARCH, 1936—		MONDAY, 23RD MARCH, 1936—	
Report of the Indian Delimitation Committee—Presentation of the Report of the Select Committee	2751	Member Sworn	3007
The Indian Finance Bill—Discussion on the motion to consider not concluded	2752—2812	Questions and Answers	3007—44
Appendix	2813—34	Unstarred Questions and Answers	3044—55
		Short Notice Question and Answer	3055—57
		Motions for Adjournment	
		<i>re—</i>	
		Legislation for republication in the Press of speeches delivered in the Legislative Assembly—Disallowed by the President.	3057—59
THURSDAY, 19TH MARCH, 1936—		Ban on Mr. Subhash Chandra Bose—Adopted.	3059—60, 3089—3114
Motion for Adjournment <i>re</i> . Contract for the construction of the Howrah Bridge—Not moved	2835	The Indian Companies (Amendment) Bill—Introduced.	3060
The Indian Finance Bill—Motion to consider adopted	2835—79	The Indian Tariff (Amendment) Bill—Introduced.	3060
Election of a Member to the Standing Committee on Pilgrimage to the Hedjaz	2879	The Indian Railways (Amendment) Bill—Introduced.	3060—61
		The Indian Finance Bill—Discussion on the consideration of clauses not concluded	3061—89
FRIDAY, 20TH MARCH, 1936—			
Questions and Answers	2881—2921	TUESDAY, 24TH MARCH, 1936—	
Unstarred Questions and Answers	2921—56	Member Sworn	3115
Statements laid on the Table	2956—63	Questions and Answers	3115—30
Election of Members to the Public Accounts Committee	2963	Statement of Business	3130
The Code of Civil Procedure (Second Amendment) Bill (Amendment of Section 60)—Presentation of the Report of the Select Committee	2964	Motion for Adjournment <i>re</i> Sir Otto Niemeyer's Report on Federal and Provincial Finance—Not moved	3130—35
The Indian Finance Bill—Discussion on the consideration of clauses not concluded	2964—3003	The Indian Finance Bill—Discussion on the consideration of clauses concluded	3135—55
Statement of Business	3003—05	Demands for Supplementary Grants	3166—89

	PAGE.		PAGE.
WEDNESDAY, 25TH MARCH, 1936—		MONDAY, 30TH MARCH, 1936 — <i>contd.</i>	
Statements laid on the Table	01 3191—32	Motion <i>re</i> Appointment of a Committee to examine the working of the Ottawa Trade Agreement—Adopted as amended	3438—3503
The Code of Civil Procedure (Amendment) Bill (Amendment of Section 51, etc.)—Presentation of the Report of Select Committee	3201	Statement of Business	2503—04
The Indian Finance Bill—Recommended amendment to clause 2—negatived	3201—03, 3265—87	MONDAY, 6TH APRIL, 1936—	
Demands for Supplementary Grants— <i>contd.</i>	3203—65	Members Sworn	3505
THURSDAY, 26TH MARCH, 1936—		Death of Khan Bahadur Makhdum Syed Rajan Baksh Shah	3505—08
Members Sworn	3289	TUESDAY, 7TH APRIL, 1936—	
Short Notice Question and Answer	3289—90	Questions and Answers	3509—42
Motion <i>re</i> Appointment of a Committee to examine the working of the Ottawa Trade Agreement—Discussion not concluded	3290—3347	Unstarred Questions and Answers	3542—3617
Statement of Business	3347	Statements laid on the Table	3617—24
FRIDAY, 27TH MARCH, 1936—		The Cantonments (Amendment) Bill—Presentation of the Report of the Select Committee	3625
Members Sworn	3349	Resolution <i>re</i> Release of political prisoners detained without trial—Negatived	3625—61
Short Notice Question and Answer	3349	Resolution <i>re</i> Import duty on unbroken rice and paddy—Discussion not concluded	3661—73
Motion <i>re</i> Appointment of a Committee to examine the working of the Ottawa Trade Agreement—Discussion not concluded	3350—3406	WEDNESDAY, 8TH APRIL, 1936—	
SATURDAY, 28TH MARCH, 1936—		Speech delivered to the Council of State and the Legislative Assembly by His Excellency the Viceroy	3675—83
Motion <i>re</i> Report of the Committee to consider the Indian Delimitation (Hammond) Committee's Report—Adopted	3407—36	Questions and Answers	3683—3714
MONDAY, 30TH MARCH, 1936—		Motion <i>re</i> Election of the Standing Finance Committee—Adopted	3715
Members Sworn	3437	Motion <i>re</i> Election of the Standing Finance Committee for Railways—Adopted	3715
Statements laid on the Table	3437—38	Motion <i>re</i> Election of the Standing Advisory Committee for the Indian Posts and Telegraphs Department—Adopted	3715

	PAGE.		PAGE.
WEDNESDAY, 8TH APRIL, 1936—concl'd.		WEDNESDAY, 8TH APRIL, 1936—concl'd.	
Motion re Election of the Standing Committee for the Department of Commerce—Negatived	3716—18	The Salt Additional Im- port Duty (Extending) Bill—Introduced . . .	3719—20
Motion re Election of the Central Advisory Coun- cil for Railways— Adopted . . .	3718—19	The Indian Tea Cess Amendment) Bill— Introduced . . .	3720
The Indian Tariff (Second (Amendment) Bill— Introduced. . . .	3719	The Indian Aircraft (Amendment) Bill— Introduced . . .	3720
		The Indian Mines (Amendment) Bill— Introduced and referred to Select Committee . . .	3720—35

LEGISLATIVE ASSEMBLY.

Tuesday, 24th 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.

MEMBER SWORN.

Mr. Arthur Shelden Hands, C.I.E., M.L.A. (Government of India: Nominated Official).

QUESTIONS AND ANSWERS.

VACANCIES IN CERTAIN DEPARTMENTS OF THE GREAT INDIAN PENINSULA RAILWAY.

1425. ***Khan Sahib Nawab Siddique Ali Khan:** (a) Will Government be pleased to state how many vacancies in the cadre of the subordinate staff in the following Departments of the Great Indian Peninsula Railway occurred during the year 1935:

(i) Transportation Department, (ii) Commercial Department, (iii) Engineering Department, (iv) Medical Department, (v) Mechanical Department, and (vi) Interlocking Department?

(b) Were these vacancies in different Departments advertised in papers?

(c) Were any of the vacancies referred to above filled by direct recruitment?

(d) Were these posts directly filled advertised in papers?

(e) How many of the total number of the new appointments, either by direct recruitment or by promotion were Muslims?

The Honourable Sir Muhammad Zafrullah Khan: I am collecting information and will lay a reply on the table of the House, in due course.

ASSISTANCE TO BRITISH SHIPPING.

1426. ***Mr. S. Satyamurti:** (a) Will Government be pleased to lay on the table a copy of the communication received by them from the Secretary of State regarding the need of assistance to British shipping on the part of the Government of India referred to in the reply of the Honourable the Commerce Member to sub-clause (b) of starred question No. 24 put by me in the Assembly on the 4th February, 1936?

(b) Will Government be pleased to state whether in a letter addressed by the Commerce Department of the Government of India to the Indian Chamber of Commerce, Calcutta, on the 26th January, 1935, it was stated that the Government of India were not required to take any action in

regard to the despatch sent by Sir John Simon on the subject of Empire maritime policy and that consequently they did not see any necessity of consulting Indian commercial opinion or Indian shipping interests in the matter?

(c) Will Government be pleased to state whether the action taken by them in issuing a circular to Local Governments, Municipalities, Port Trusts, etc., to support Empire shipping is not in pursuance of their support to an Empire maritime policy, and if so, whether they consulted Indian commercial opinion before issuing the said circular?

The Honourable Sir Muhammad Zafrullah Khan: (a) I regret I am not in a position to do so, as the document is confidential.

(b) Yes.

(c) As regards the first part of the question, the Honourable Member's attention is invited to the reply given by me to the supplementary questions asked by him on the 13th September, 1935, in connection with Pandit Sri Krishna Dutta Paliwal's starred question No. 369. The reply to the second part is in the negative.

Mr. S. Satyamurti: Was the document referred to in part (a) of the question treated as confidential from the very beginning, or was it marked confidential after my question?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid I do not appreciate the distinction, but it is a confidential document.

Mr. S. Satyamurti: What I want to know is, whether, all along, the Government treated this as a confidential document,—I take it that they have got two sets of papers, confidential and non-confidential—or whether they treated it as confidential after the receipt of my question.

The Honourable Sir Muhammad Zafrullah Khan: As I have said, I am unable to appreciate the distinction. I do not know whether the method is that, immediately a document is received, it is docketed either as confidential or non-confidential. The question has arisen whether the contents of it can or cannot be disclosed; the document being of a confidential nature, I am afraid the contents cannot be disclosed.

Mr. S. Satyamurti: Apart from its being confidential, may I know whether any public interest is likely to be affected adversely by the House being told of the contents of a document from the Secretary of State asking them to assist British shipping?

The Honourable Sir Muhammad Zafrullah Khan: After all, it is always a question of individual judgment, and I am afraid that in my judgment public interest does not require that the contents should be disclosed.

Mr. S. Satyamurti: With reference to the answer to part (b) of the question, may I know whether Government received any such written communication as is referred to in the question?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid there has been some confusion with regard to these two documents.

(b) refers to a despatch by Sir John Simon as Foreign Secretary; no such document has been received by the Government of India.

Mr. S. Satyamurti: With reference to the answer to part (c) of the question—I presume the answer to the second part is in the negative—may I know why Government did not consult Indian commercial opinion before issuing the circular?

The Honourable Sir Muhammad Zafrullah Khan: The action taken by Government did not in any manner involve a departure from their policy in these matters, and, therefore, it was not considered necessary to consult Indian commercial opinion.

Mr. S. Satyamurti: Did Government consider their policy in the light of the need for encouraging Indian shipping, which has got a very small part of Empire shipping in issuing the circular, and in that connection why did they not consult Indian commercial opinion?

The Honourable Sir Muhammad Zafrullah Khan: I have explained, in answering previous supplementaries, that the term "Empire shipping" includes Indian shipping as such, and, therefore, if Local Governments and Municipalities were to encourage the use of Indian shipping as distinct even from other Empire shipping, the purpose of that circular letter would be fulfilled.

Qazi Muhammad Ahmad Kazmi: Yesterday we were told by the Honourable the Home Member that they make up their mind as to the advisability of issuing a particular document to the public after reading it. In this particular case, did Government make up their mind that the document was confidential after it was received from the Secretary of State and read by the Government, or from the very beginning?

The Honourable Sir Muhammad Zafrullah Khan: What stage was the very beginning? The very beginning of the stage would be the reading of the document.

Qazi Muhammad Ahmad Kazmi: So far as the nature of the question is concerned, it is a question of public importance. If, in the natural course of events, a document was of public importance, there would be no harm in showing it at least to the Members of the Assembly, but as it is being said that it was a confidential document, may I ask whether its being confidential was discovered after it was read by the Government of India?

The Honourable Sir Muhammad Zafrullah Khan: The nature of each document is to be decided and appreciated after it has been read. You do not know what a document is before you read it.

Qazi Muhammad Ahmad Kazmi: Does it contain any information or any instructions against the interests of India?

The Honourable Sir Muhammad Zafrullah Khan: That is putting the question in a different form as to the contents of the document which I have refused to disclose; but the answer is no.

Qazi Muhammad Ahmad Kazmi: Will Government state the reasons for treating the document as confidential?

The Honourable Sir Muhammad Zafrullah Khan: Certainly not.

ASSISTANCE TO BRITISH SHIPPING.

1427. ***Mr. S. Satyamurti:** (a) Will Government be pleased to state what final action has been taken by them in connection with representations received from the India Office in regard to travel of civil and military officers serving under the Government of India and receiving the benefit of the Lee passage concessions referred to in starred question No. 640 by Mr. K. C. Neogy asked in this House on the 6th March, 1933?

(b) Will Government be pleased to state whether these representations have now been accepted by them and whether they form part of the integral policy of the Government of India to assist British shipping?

(c) If the answer to part (b) be in the affirmative, will Government be pleased to state whether they have consulted Indian commercial bodies, including Indian shipping interests, in this connection and if so, what were the views submitted by them?

The Honourable Sir Henry Crank: (a) and (b). I would refer the Honourable Member to paragraph 1 of the Commerce Department letter of the 22nd March, 1935, a copy of which was placed on the table in reply to starred question No. 369 on the 13th September, 1935. I also lay on the table a copy of the circular referred to in that letter dated the 17th March, 1934.

(c) No.

D. O. No. F. 55/33-Esta.

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

New Delhi, the 17th March, 1934.

DEAR SIR,

The Secretary of State and the Government of India have recently had under consideration the question of the arrangements regarding passages provided for officers at Government expense. It has been urged that the promotion and development of Imperial Trade are dependent to a large extent upon the maintenance of the shipping of the British Empire; and that at a time when Imperial shipping is meeting with severe and unequal competition from State-aided foreign lines it is reasonable that officers who receive grants from Government in respect of passages should be required in the interests of the Empire to travel by Empire-owned ships.

The Secretary of State and the Government of India would be reluctant to impose restrictions on the freedom which officers of the Indian Services entitled to Lee concession passages have hitherto enjoyed as regards choice of vessel. At the same time the maintenance of Imperial shipping is an interest of the whole Empire and any tendency on the part of officers of the Indian Services to patronise State-aided foreign lines when travelling to or from India is detrimental to that interest. The Secretary of State and the Government of India therefore hope that all officers entitled to concession passages will bear these important considerations in mind and travel only by Empire ships, save in exceptional cases where there are very special reasons for travelling by foreign lines.

Yours sincerely,

(Sd.) M. G. HALLETT.

Secretary to the Government of India.

Mr. S. Satyamurti: May I know why they did not consult Indian commercial bodies, including Indian shipping interests, in this connection?

The Honourable Sir Henry Craik: My Honourable friend, the Commerce Member, has just explained that.

Mr. S. Satyamurti: No, this refers to the Lee passage concessions, that refers to Empire shipping and encouragement by local bodies and Local Governments.

The Honourable Sir Henry Craik: The circular did not refer to British shipping; it referred to Empire shipping. I cannot see any necessity to consult Indian commercial opinion.

Mr. S. Satyamurti: But, does the order relating to the benefit of the Lee passage concessions being availed of refer to British shipping or Empire shipping as a whole?

The Honourable Sir Henry Craik: Empire shipping.

INSTRUCTIONS TO HIGH OFFICIALS NOT TO COLLECT MONEY FOR PUBLIC INSTITUTIONS.

1428. ***Mr. S. Satyamurti:** Will Government be pleased to state whether they have issued or propose to issue instructions that high officials should not go about collecting money for public institutions, as it gives rise to misunderstanding?

The Honourable Sir Henry Craik: The Government of India have not issued, and do not consider it necessary to issue, instructions that high officials should not go about collecting money for public institutions. But the Government Servants' Conduct Rules, 1935, contain certain rules which restrict the freedom of officers subject to those Rules to collect subscriptions. I invite attention to Rule 4 (2) (c) and Rule 6; the former rule enables local Governments to issue general or special orders on the point. I have no doubt they have done so when necessary.

Mr. S. Satyamurti: Will Government consider the specific point of issuing rules prohibiting police officers and judicial officers from going about collecting public subscriptions?

The Honourable Sir Henry Craik: It is for Local Governments to consider that.

Mr. S. Satyamurti: Will the Government of India say whether their attention has been drawn to the fact that the Chief Justice of the Lahore High Court has been going about collecting subscriptions for the Boy Scout movement, and that one litigant offered Rs. 10,000, and that this was in the first instance refused and accepted afterwards?

The Honourable Sir Henry Craik: I understand the Honourable Member put down a question on that point and it was disallowed.

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks it disallowed that question.

STENOGRAPHERS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

1429. ***Sir Muhammad Yakub:** (a) Will Government be pleased to state how many stenographers there are in all the Departments of the Government of India, including the Defence and the Foreign and Political Departments and all the attached offices?

(b) How many of them are:

- (i) Muslims; and
- (ii) Hindus?

(c) If the answer to the preceding part shows that the representation of the Muslims is below the percentage fixed by the Government of India for services under them, will Government be pleased to state what steps they are taking to make up the deficiency?

(d) In how many Departments of the Government of India are there no permanent Muslim stenographers?

The Honourable Sir Henry Craik: (a), (b) and (d). The information is being collected and will be laid on the table in due course.

(c) I would invite attention to paragraph 5 of the Supplementary Instructions issued in connection with the Resolution of the 4th July, 1934, a copy of which is in the Library. It will be seen that the percentages apply to vacancies and not to posts. I would also invite attention to my reply to parts (d) and (e) of Mr. Anwar-ul-Azim's starred question No. 770 on the 9th March, 1935.

OPIUM EVIL AMONG THE WORKERS IN BURMA.

1430. ***Mr. Ram Narayan Singh:** Has the attention of Government been drawn to the report of the International Labour Office in connection with the increasing opium evil among the workers in Burma, and, if so, what is the step or steps they are proposing to take to remove this evil?

The Honourable Sir Frank Noyce: The Honourable Member is presumably referring to the International Labour Office Report entitled "Opium and Labour", which is a documentary investigation covering various countries and prepared for submission to the Twentieth Session of the International Labour Conference in June, 1936. I cannot find any reference in it to the increase of the opium habit, but if the Honourable Member refers to the report he will find references to the control exercised by the Local Government, who are concerned in the matter, and to their views on the subject.

RATIO FOR RECRUITMENT OF INDIANS AND EUROPEANS IN THE RAILWAY GAZETTED SERVICES.

1431. ***Pandit Sri Krishna Dutta Paliwal:** (a) Is it a fact that in the matter of recruitment the principle of 75 per cent. Indians and 25 per cent. Europeans and Anglo-Indians was clearly laid down for the Railway gazetted service?

(b) Are Government aware that the Railway lower gazetted service has been established recently? If so, why?

(c) Are Government aware that in this lower gazetted service, the ratio of 75 per cent. Indians and 25 per cent. Europeans and Anglo-Indians is not maintained? If so, why?

(d) What is the total number of men recruited directly or by promotion to this lower gazetted service, and what is the ratio of the Indians therein?

(e) Will Government state why the ratio of 75 per cent. Indians in the matter of recruitment to this lower grade service was not maintained?

The Honourable Sir Muhammad Zafrullah Khan: (a) No. So far as recruitment to the Superior Railway Services is concerned 75 per cent. has been fixed for Indians, including Statutory Indians, and 25 per cent. for Europeans.

(b) This service was constituted in March, 1931, as a result of the re-organisation of the gazetted cadres of the State-managed Railways, and also with a view to provide an incentive to deserving subordinates.

(c) and (e). The reply to the first part is in the affirmative. As regards the latter part recruitment to these services is mainly by promotion in which communal considerations do not arise.

(d) The information is not readily available and Government do not consider the expense and labour involved in collecting it will be commensurate with the results likely to be obtained.

Prof. N. G. Ranga: Does the term "Statutory Indians" cover Anglo-Indians also?

The Honourable Sir Muhammad Zafrullah Khan: Yes, Sir.

CONSTITUTION OF SUB-COMMITTEES ON WHEAT, PADDY AND RICE.

1432. ***Prof. N. G. Ranga:** Will Government be pleased to state:

- (a) how they propose to constitute the sub-committees on (1) paddy and rice, and (2) wheat;
- (b) whether the Local Governments will be represented on these committees through their Ministers and Directors of Agriculture;
- (c) whether the peasants raising paddy and wheat will be represented on those committees;
- (d) if so, whether the Local Governments will nominate the members to represent the producers of paddy and wheat; and
- (e) whether Government are prepared to consider the advisability of permitting the Peasants' Associations, wherever they exist to elect the members of the committees for their respective provinces?

Sir Girja Shankar Bajpai: (a) to (c). I would invite the Honourable Member's attention to the press communiqué dated the 19th February, 1936, issued by the Imperial Council of Agricultural Research Department.

(d) Yes.

(e) It is for the Local Governments to consider this suggestion.

Prof. N. G. Ranga: Is it not a fact that in the case of Chambers of Commerce and Merchants' Chamber, whose representatives are given a place in some of the Government Committees, that the Government of India themselves stipulate how they are to be elected?

Sir Girja Shankar Bajpai: It does not stipulate how they are to be elected, but it calls upon a Chamber to nominate a representative. The explanation of that is that these Chambers are well established and recognised institutions.

Prof. N. G. Ranga: Will Government consider the advisability of recognising peasants' association in the same way as these Chambers of Commerce and Merchants' Chambers?

Sir Girja Shankar Bajpai: My Honourable friend will appreciate the fact that it is not possible for us sitting here to ascertain what exactly the strength or representative character of a peasants' association in a province is. I am quite prepared, if my Honourable friend would give me the name of a province or two whose peasants' associations he wishes to be recognised, to consult the Local Governments on the point.

UNSYMPATHETIC AND ANTI-INDIAN ATTITUDE OF THE EDUCATIONAL ADVISER FOR INDIAN STUDENTS AT OXFORD.

1433. ***Prof. N. G. Ranga:** Will Government be pleased to state:

- (a) whether they are aware of the fact that Mr. Williamson, the Educational Adviser for Indian students at Oxford was once a Punjab Civilian,
- (b) whether he retired on proportionate pension on the advent of the Montagu-Chelmsford Reforms, as he was unwilling to serve in the Indian Civil Service owing to the Reforms;
- (c) whether they consider such a person to be suitable to be sympathetic towards Indian students seeking admission into Oxford and studying at that University, and
- (d) whether they are aware of the fact that great discontent prevails among the Indian students at Oxford against his unsympathetic and anti-Indian attitude?

Sir Girja Shankar Bajpai: Enquiries on certain points have been made and an answer will be furnished in due course.

PREVALENCE OF MALARIA IN CERTAIN PARTS OF THE MADRAS PRESIDENCY.

1434. ***Prof. N. G. Ranga:** (a) Will Government be pleased to state whether they are aware of the prevalence of malaria in several parts of the Madras Presidency, such as Kurnool, Vizagapatam, Nellore, Salem, Tanjore Districts?

(b) Do they propose to allot and, if so, in what proportion, the special grant for fighting malaria in Madras and other provinces?

Sir Girja Shankar Bajpai: (a) Yes.

(b) By a special grant, I presume, the Honourable Member has in view the grant of Rs. 10 lakhs to the Indian Research Fund Association mentioned in the budget speech of the Honourable the Finance Member. The mode of applying the grant is under consideration.

Prof. N. G. Ranga: Has any survey been made in the Madras Presidency into the incidence of malaria and the spread of malaria?

Sir Girja Shankar Bajpai: I do not know that any survey into the incidence of malaria in the Madras Presidency has been made by the Government of India: but whether the Local Government have done so or not, I am not in a position to say.

Prof. N. G. Ranga: Will the advisability of making a survey be considered?

Sir Girja Shankar Bajpai: I will put that suggestion to the Committee which the Indian Research Fund Association intends setting up to go into the question of the utilisation of this special grant.

UNEMPLOYMENT PROBLEM.

1435. ***Prof. N. G. Ranga:** (a) Are Government aware of the fact:

- (i) that the United Provinces Unemployment Committee (President being Dr. Sapru) has stated that the Government of India should and could alone take the initiative in taking action on an All-India basis, to supplement the action taken or to be taken by Provincial Governments in fighting the unemployment problem;
- (ii) that the Committee has, after surveying the steps taken by Local Governments, concluded that the problem of unemployment has become more serious since the Resolutions on this question were discussed in the Assembly and the Council of State; and
- (iii) that they recommended to the Government of India to take the initiative in solving this problem to the extent possible and necessary from their side and thus give a lead to the Local Governments?

(b) If so, are Government prepared to consider the advisability of appointing a Committee with a majority of elected Members of the Assembly, as was suggested by the Assembly in its Resolution, to consider and recommend the steps to be taken by the Government of India to solve this unemployment problem? If not, why not?

(c) What other steps do Government propose to take to solve this problem?

The Honourable Sir Frank Noyce: (a) Yes.

(b) and (c). Government have not yet reached conclusions on the report.

Qazi Muhammad Ahmad Kazmi: When are they likely to come to a conclusion in this matter?

The Honourable Sir Frank Noyce: I may mention for the information of the Honourable Member that there is a debate on the subject of this report in the Council of State tomorrow in which Government's attitude towards it will be fully explained. I would suggest that he awaits the result of that debate.

Mr. N. V. Gadgil: May I know whether Government accept the position and responsibility that the unemployment problem is their concern and they must do something?

The Honourable Sir Frank Noyce: I would refer the Honourable Member to the reply I have just given.

ESTABLISHMENT OF VILLAGE POST OFFICES.

1436. ***Prof. N. G. Ranga:** Will Government state:

- (a) how many of the promised 400 new village post offices were established since the 1st April, 1935, and in which provinces; and
- (b) how many new post offices, and in which provinces, are proposed to be opened during the next year, with the special grant of rupees five lakhs allotted for this purpose during the next year?

The Honourable Sir Frank Noyce: (a) No promise was given that 400 new village post offices would be opened. I would, however, invite the attention of the Honourable Member to the reply given to a supplementary question put by him on the 26th March, 1935, in connection with his starred question No. 1028 when, I stated, that with the provision of Rs. 50,000 made for the extension of postal facilities about 200 post offices would be opened in rural areas. Actually 213 new post offices were opened during the period from the 1st April, 1935, to the 31st January, 1936. A statement showing the number of post offices opened in each Circle is laid on the table of the House.

(b) A sum of Rs. 2 lakhs only has been set aside for this purpose in the budget for 1936-37. New post offices are opened as and where justified and no definite number of new post offices to be opened is fixed for each year in advance.

Statement showing the number of new post offices opened in rural areas during the period from the 1st April, 1935 to the 31st January, 1936.

Bihar and Orissa	14
Central Circle	38
Bombay	22
Burma	9
Bengal and Assam	18
Punjab and North-West Frontier	39
United Provinces	16
Sind and Baluchistan	13
Madras	44
Total	213

Mr. M. Ananthasayanam Ayyangar: How many post offices were closed during that year?

The Honourable Sir Frank Noyce: I should require notice of that question.

Mr. M. Ananthasayanam Ayyangar: Do they counterbalance the addition?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member says he requires notice of the question: unless he gets notice, how can you get an answer?

Mr. M. Ananthasayanam Ayyangar: May I explain, Sir, that it might be that he might not be able to give detailed figures but he can say approximately whether there is really a surplus of the one over the other, or whether they cancel each other.

The Honourable Sir Frank Noyce: That is covered by my previous answer.

Mr. N. M. Joshi: May I ask how many new post offices Government expect to open out of the grant of two lakhs of rupees?

The Honourable Sir Frank Noyce: My Honourable friend can work that out for himself. 213 offices were opened with a grant of half a lakh. I think it might reasonably be concluded that somewhere about 800 could be opened with a grant of Rs. two lakhs.

Prof. N. G. Ranga: Were any rural post offices abolished during the last year? I do not want the number: I want to know if any were abolished at all.

The Honourable Sir Frank Noyce: I understand that a few were abolished.

Prof. N. G. Ranga: In view of the fact that it was published in the newspapers that the Honourable the Finance Member proposed to make a grant of Rs. five lakhs for this particular purpose how is it we are told now that there is to be only two lakhs?

Mr. G. V. Bewoor: The Honourable the Finance Member did not mention five lakhs at all: he mentioned Rs. 1½ lakhs more grant as compared with the previous year, or a total grant of two lakhs. If the Honourable Member will refer to the speech he will find it so.

Prof. N. G. Ranga: Is that to be a recurring grant or a non-recurring grant—this 1½ lakhs?

The Honourable Sir James Grigg: I am not responsible for what appears in newspapers: I have never used the figure of five lakhs in this matter.

Prof. N. G. Ranga: All right, Sir: is this 1½ lakhs going to be a recurring grant or a non-recurring grant?

The Honourable Sir Frank Noyce: That depends on the finances of the Posts and Telegraphs Department: we hope that they will be in such a condition that it may be possible to make a grant of this character in future years, but obviously neither my Honourable colleague, the Finance Member, nor I can give any undertaking on that point.

NON-RECOGNITION OF THE ANDHRA RAILWAY PASSENGERS ASSOCIATION.

1437. ***Prof. N. G. Ranga:** Will Government be pleased to state:

- (a) whether they are aware of the fact that the Andhra Railway Passengers Association, which has been functioning for the last six years and more, has not yet been recognised by the Madras and Southern Mahratta Railway;
- (b) whether they are aware that the Agent of the Madras and Southern Mahratta Railway refused to answer the communications of the said Association;
- (c) whether they are aware that the complaints made and suggestions offered by the Association were referred back to it with the order that the Association should communicate them only to the Local Railway Advisory Committee;
- (d) whether they are aware that there is no recognised office for that Committee;
- (e) whether they are aware that the President of that Committee is the Agent of the Company himself; and
- (f) if so, whether they are prepared to consider the advisability of advising the Agent to take advantage of the co-operation, criticism and assistance offered by the Railway Passengers Association?

The Honourable Sir Muhammad Zafrullah Khan: (a), (b) and (c). Government have no information.

(d) The office of the Agent functions as the office of the Advisory Committee.

(e) Yes.

(f) I will convey the Honourable Member's suggestion to the Agent of the Madras and Southern Mahratta Railway for consideration.

Prof. N. G. Ranga: Is it not a fact that with regard to parts (a) (b) and (c) of this question, questions were put here in this House by myself and information was supplied to Government, and Government then admitted that it was a fact that the Agent had refused to reply to the communications sent to him by the Railway Passengers Association, and the Government then saw no reason why they should interfere in it, and, in spite of it, I requested the Government of India to reconsider this question?

The Honourable Sir Muhammad Zafrullah Khan: The Honourable Member is now being informed that the suggestion shall be brought to the notice of the Agent.

Mr. Sami Vencatachalam Chetty: May I know if the representation of the Andhra Chamber of Commerce to include them in the Local Advisory Councils of the Madras and Southern Mahratta and South Indian Railways is being considered by this Government?

The Honourable Sir Muhammad Zafrullah Khan: As regards that, I am sure, the Honourable Member is aware that the whole question of the modification of the constitutions of these advisory committees will be taken up in the Central Advisory Council of which he is a member.

Prof. N. G. Ranga: Will Government consider the advisability of recognising this Passengers' Association in Southern India for the S. I. and M. S. M. Railways?

The Honourable Sir Muhammad Zafrullah Khan: My reply is the same as the reply which I have given to the previous supplementary questions by another Honourable Member.

NON-REPRESENTATION OF PEASANTS AND THIRD CLASS PASSENGERS ON THE ADVISORY COMMITTEES FOR THE MADRAS AND SOUTHERN MAHRATTA AND SOUTH INDIAN RAILWAYS.

1438. *Prof. N. G. Ranga: (a) Are Government aware of the fact that neither the peasants, nor the third class passengers who are organised in the Tamil Nad Passengers Association and Andhra Provincial Passengers Associations are represented on the Local Railway Advisory Committees for the Madras and Southern Mahratta Railway and South Indian Railway Companies?

(b) Are Government prepared to consider the advisability of so altering the rules laid down for the constitution of these Advisory Committees as to make provision for the members representing the Passengers Associations and peasants organisations, which do exist in the Madras Presidency?

The Honourable Sir Muhammad Zafrullah Khan: (a) No organisation of peasants has a representative on the Advisory Committees of the two Railways referred to but Government understand that the Agents have nominated a representative on each of their Committees from a Passenger Association.

(b) I would refer the Honourable Member to the reply given to his supplementary questions by Mr. P. R. Rau in connection with Mr. C. N. Muthuranga Mudaliar's question No. 786 on the 9th March, 1935.

Prof. N. G. Ranga: Is it not a fact, Sir, that one Sundara Varadulu was nominated a member of the Local Advisory Committee for the M. S. M. Railway in his capacity as Secretary and member of the Andhra Peasants' Association?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid I have no information.

Prof. N. G. Ranga: Will Government consider the advisability of seeing that the representatives of these Peasants' Associations as well the Railway Passengers' Association are not nominated by the Madras Government, but are elected by their respective associations?

The Honourable Sir Muhammad Zafrullah Khan: This question is covered by the replies given by me to the supplementary questions to the previous question.

FAILURE OF CROPS AND DISTRESS OF PEASANTS IN THE SOUTHERN PART OF THE GANJAM DISTRICT.

1439. *Prof. N. G. Ranga: (a) Are Government aware of the fact:

(i) that a serious state of drought and the consequent failure of crops and the distress of the peasants prevails in the southern part of Ganjam District of Madras Presidency;

(ii) that there is widespread unemployment, and scarcity of fodder for cattle; and

(iii) that the Local Government have been obliged to take some special steps to help the peasants?

(b) If so, are Government prepared to consider the advisability of extending the salt concessions to the peasants of that District and lowering the freight charges upon the transport of paddy and other cereals and fodder to that District?

Sir Girja Shankar Bajpai: An enquiry has been made from the Government of Madras and the result will be communicated to the House in due course.

PREVALENCE OF DROUGHT AND DISTRESS OF PEASANTS IN BERAR.

1440. *Prof. N. G. Ranga: (a) Are Government aware:

(i) of the prevalence of drought for the past five years in Berar; and

(ii) that the Local Government and His Excellency the Viceroy have admitted the existence of a widespread agrarian distress as a result of that drought?

(b) If so, in which parts has famine actually broken out?

(c) Will Government be pleased to state what steps are being taken by Local Government and themselves to relieve the distress of the peasants?

With one alteration, Sir, I ask this, it is mentioned here "His Excellency the Viceroy", it is not the "Viceroy", but it should be the "Governor".

Sir Girja Shankar Bajpai: In either case, the answer is that an inquiry has been made from the Central Provinces Government, and the result will be communicated to the House in due course.

Prof. N. G. Ranga: Will Government consider the advisability of extending the salt concessions in those areas in view of the fact that there is general agrarian distress there?

Sir Girja Shankar Bajpai: That is a suggestion for the consideration of my Honourable friend, the Member in charge of the Central Board of Revenue.

Mr. A. H. Lloyd: I am not aware, Sir, that salt concessions have been withdrawn there.

Prof. N. G. Ranga: If salt concessions have not been withdrawn, will Government consider the advisability of extending those concessions to those areas where there is general agrarian distress?

Mr. A. H. Lloyd: That seems to me to be a hypothetical question.

Prof. N. G. Ranga: In view of the fact that there is agrarian distress, will Government consider the advisability of extending the salt concessions to those areas? It is not a hypothetical question.

Mr. A. H. Lloyd: I have said that I have no reason to believe that salt concessions have been withdrawn from those areas.

Prof. N. G. Ranga: It was not extended to those areas, and so how can they be withdrawn?

Mr. A. H. Lloyd: There is no question of withdrawing . . .

Mr. President (The Honourable Sir Abdur Rahim): If it has not been withdrawn, the question of extending the salt concession to those areas does not arise.

Prof. N. G. Ranga: May I ask for information, Sir? Is it or is it not a fact that salt can be manufactured in all those parts of India wherefrom this privilege of manufacturing salt has been definitely banned?

Mr. President (The Honourable Sir Abdur Rahim): That does not arise out of this question.

RETRENCHMENT ON RAILWAYS.

1441. ***Mr. Muhammad Azhar Ali:** Has the attention of the Honourable Member of the Government for Railways been drawn to the Press statement published in the *Hindustan Times*, Delhi, on the 12th March, 1936, under the caption "Retrenchment on Railways"? If so, will he please state:

(a) the arrangements made by the Railway Board for discussion of the subject-matter (retrenchment) with those Unions of Railway employees which are not affiliated with the All-India Railwaymen's Federation; and

(b) the proposals of retrenchment as contemplated;

and lay on the table the copy of the communication addressed to the General Secretary, All-India Railwaymen's Federation, as received by him on the 9th March, 1936?

The Honourable Sir Muhammad Zafrullah Khan: (a) The Railway Board are discussing with the All-India Railwaymen's Federation the principles to be followed for selection of staff for discharge in connection with future retrenchments in accordance with the undertakings contained

in paragraph 21 of the Government of India communiqué, dated the 6th June, 1932, a copy of which is in the Library of the House. Government are not prepared to enter into any discussion with individual unions whether they are affiliated to the All-India Railwaymen's Federation or not.

(b) Retrenchment proposals will be submitted by Agents of State-managed Railways after the principles have been settled.

I lay on the table of the House a copy of the letter referred to.

Copy of letter No. E. 36 R. E. 1 (L.), dated the 9th March, 1936, from the Secretary, Railway Board to the General Secretary, All-India Railwaymen's Federation.

I much regret to inform you that it will be necessary in the near future to effect a further retrenchment of railway staff. Doubtless the Federation would like to discuss the subject with the Board and, if so, I am to suggest that a special meeting be arranged to permit of this. I am to ask if it would be convenient for the Federation to meet the Board in the Chief Commissioner's room at 11 hours on Saturday, March 28th.

STATEMENT OF BUSINESS.

The Honourable Sir Nripendra Sircar (Leader of the House): Sir, with regard to the House sitting on the 4th of April, I have inquired in the matter, and I am given to understand that Members of the House are not to sit on the 4th of April, and also on the 31st of March. We have agreed to observe the 31st of March, as a holiday on account of *Ram Navami*. I presume, therefore, that the House will not sit either on the 31st March, or on the 4th of April.

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): We could not hear what the Honourable Member said just now.

The Honourable Sir Nripendra Sircar: You will be delighted to hear that you have not got to come here either on the 31st of March, or on the 4th of April. (Laughter.)

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Does the Honourable Member know that we cannot meet on the 3rd of April, as we have to observe Muharram on that day. We cannot meet on the 10th of Muharram. I think he will perhaps look into this matter now only.

The Honourable Sir Muhammad Zafrullah Khan: If the House is not sitting on the 31st March, 1st of April, 2nd of April, 3rd of April, 4th of April, and 5th of April, surely the 10th of Muharram is included.

MOTION FOR ADJOURNMENT.

SIR OTTO NEIMEYER'S REPORT ON FEDERAL AND PROVINCIAL FINANCE.

Mr. President (The Honourable Sir Abdur Rahim): There are two motions for adjournment of the House, one by Dr. Banerjea relating to

Mr. Subhash Chandra Bose, that is barred, and another by Mr. S. Satyamurti relating to the same subject, that is also barred by yesterday's decision.

Another notice has been received from Mr. Satyamurti to this effect, that he intends to ask for leave of the Honourable the President and of the House today for moving a motion that the House do stand adjourned to consider a matter of urgent public importance, namely, the failure of the Government to provide a suitable opportunity for the House to pronounce its opinion on the proposals to be made by Sir Otto Neimeyer with regard to the Federal and Provincial Finance under the Government of India Act, 1935, before final orders thereon are passed by His Majesty's Government and the British Parliament. Is there any objection?

The Honourable Sir Nripendra Sircar (Leader of the House): My friend has not moved it, Sir.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Sir, I ask for leave of you and of the House for moving this motion.

The Honourable Sir Nripendra Sircar: Sir, I have objection, Sir, to this. The questions and answers in the House will show that my Honourable friend's grievance is that no Special Session is going to be called to enable this House to discuss this question . . .

Mr. S. Satyamurti: On a point of personal explanation, Sir. I have not asked for a Special Session, I want an opportunity, either now or in Simla, before final orders are passed on this subject. I am not anxious for a Special Session at all. My grievance is that this House has no opportunity, after the proposals are published and before final orders are passed by the British Parliament, to discuss this question here. That is my only grievance.

The Honourable Sir Nripendra Sircar: That is a circumlocutory method of putting the thing. It means there must be a special Session . . .

Mr. S. Satyamurti: No.

The Honourable Sir Nripendra Sircar: Then, what is the suggestion? So far as the Report is concerned, it is not going to be submitted to us; it is going to be submitted to somebody else. The date has been fixed by somebody else. The dates of Orders in Council are not to be fixed by us, they are not under our control. The only thing that can be done here is to summon another Session before Orders in Council are passed. There is no other way.

Mr. President (The Honourable Sir Abdur Rahim): The Chair supposes there is no knowing when the Orders in Council will be passed.

The Honourable Sir Nripendra Sircar: No, Sir; as a matter of fact, if the Report is made while the House is sitting, there will be no obstruction at all.

Mr. President (The Honourable Sir Abdur Rahim): Does the Chair understand the Honourable Member to say that the Government of India cannot allow this to be discussed before or after the Report is submitted to the Secretary of State?

The Honourable Sir James Grigg (Finance Member): Sir, it is a Report to the Secretary of State, and we know from press reports that it is hoped that it will be in the Secretary of State's hands by the end of April. After that, the Secretary of State has got to decide when he will publish it. After that, he has got to decide when it will be laid before the House of Commons in the form of Orders in Council. All we can infer here is that it will have to be laid before the British Parliament in the form of Orders in Council before the House rises which will be about the end of July, which means that the Report, in all probability, so far as we have any knowledge,—we have no more knowledge than the Honourable Member himself,—will be published certainly not earlier than the end of the present Session of this Assembly, and that the final decisions will be taken by the British Parliament before we meet in Simla, and that is the reason why my Honourable colleague, the Leader of the House, says that the only possible way of meeting the wishes of the Honourable Member, so far as we can see, is to call a Special Session of the Assembly. That is the basis on which my Honourable colleague is arguing.

The Honourable Sir Nripendra Sircar: If I may continue, Sir,—if my Honourable friend, Mr. Satyamurti, will suggest what else can be done by us in the situation which has been explained by my Honourable colleague, I can then give an answer to him, but so far as we can see, nothing else can be done except calling a Special Session, and, if that is so, I submit that is a matter for the Governor General in his discretion, and that cannot be the subject-matter of an adjournment motion. His failure to call, or deciding now that he will not call, a Special Session of the House cannot be a matter for an adjournment motion. May I refer to page 18 of the Decisions from the Chair, Volume I

Mr. President (The Honourable Sir Abdur Rahim): The Chair cannot disallow a motion on that ground; it is only the Governor General who can do so.

The Honourable Sir Nripendra Sircar: That is where a matter is not primarily the concern of the Governor General in Council. I am not relying on that. It is always open to the Governor General to do that; if he thinks fit, he can do it now. I am not discussing that at all, but I draw your attention to page 18 of the Decisions from the Chair, Volume I, Item No. 20, second paragraph:

“Diwan Bahadur M. Ramachandra Rao sought to move the adjournment of the House to discuss the action of the Government of India in according sanction to the Burma Government's proposals to impose a tax on sea passengers.

The President wanted to know where the Governor General in Council came into the matter, as distinct from the Governor General whose previous assent was required to the Bill;

Diwan Bahadur M. Ramachandra Rao maintaining his position, the President ruled: “The Honourable Member is not entitled to raise it in order to discuss the action of the Governor General. Any action taken by the Governor General apart from the Government of which he is the head—these are the words that appear in the rule—is outside the scope of debate in this House.”

I wish to draw your attention to these words, "Any action taken by the Governor General apart from the Government of which he is the head—*these are the words that appear in the rule*—is outside the scope of debate in this House". Therefore, what applies to his action equally applies to his failure to call a Special Session. The second point which I take is this. If this is not so, that is to say, if my Honourable friend has something else in mind than a Special Session, what is the urgency of this motion? Why should it be discussed today by interrupting the proceedings of this House, and not tomorrow, or next month, or next year?

Mr. S. Satyamurti: With regard to this ruling which my Honourable friend read from, I submit that it has nothing to do with the matter under discussion. I am not suggesting, and indeed it is not my purpose to suggest, that the Governor General should or should not summon a Session of the House. I am not his adviser, and I am not concerned with that. My real point is this, that this House should be given an opportunity of pronouncing its opinion on a matter of fundamental financial importance to the country, that is to say, the allocation of Federal and Provincial Sources of Revenue.

Mr. President (The Honourable Sir Abdur Rahim): The Leader of the House and the Finance Member have given facts relating to this, which show that it does not lie with the Governor General in Council.

Mr. S. Satyamurti: It is not as if it is going to be reported, without so much as a reference to the Government of India. As a matter of fact, the gentleman who is now reporting

Mr. President (The Honourable Sir Abdur Rahim): Surely, his report will be presented to the Secretary of State.

Mr. S. Satyamurti: This gentleman's enquiry was paid for by the Indian taxpayer, a supplementary demand was made last September, this House granted the money, he toured the whole of this country, and he is making his report after consulting the Local Governments and the Central Government, and we, in this House, as representing the people of India, are interested in the question of how these resources are going to be allocated.

Mr. President (The Honourable Sir Abdur Rahim): The Chair sees the great importance of the question; there is no doubt about it. But the report is to be made to the Secretary of State, and not to the Governor General in Council.

Mr. S. Satyamurti: At that rate, the Hammond Committee, the Simon Commission, the Joint Parliamentary Committee—all these reports were made to the Secretary of State, and yet this House has consistently discussed all of them.

Mr. President (The Honourable Sir Abdur Rahim): That was after the report was made. The real object of the Honourable Member is that the merits of the report should be discussed, and this House should have an opportunity to express its opinion. A mere motion like this is of no use. The Government of India are helpless in the matter.

Mr. S. Satyamurti: They are not so helpless. What is the helplessness? Where there is a will, there is a way, as the Leader of the Independent Party said the other day. What is the difficulty, Sir?

Mr. President (The Honourable Sir Abdur Rahim): How can they give time to discuss a document which they cannot themselves discuss?

Mr. S. Satyamurti: I am not suggesting that for one moment—I cannot discuss a matter when I do not know anything about it, but they can certainly represent to His Majesty's Government that final orders ought not to be passed, till this House has had an opportunity of pronouncing upon it. It is undoubtedly open to the Government to make such a representation, and that is the object of my motion.

Mr. President (The Honourable Sir Abdur Rahim): That request the Honourable Member can very well make to Government.

Mr. S. Satyamurti: How?

Mr. President (The Honourable Sir Abdur Rahim): By means of questions.

Mr. S. Satyamurti: They are rarely answered. (Laughter.)

Mr. President (The Honourable Sir Abdur Rahim): This is not a matter for the Governor General in Council.

Mr. S. Satyamurti: My object is this, that the House must have an opportunity of expressing its opinion before the British Parliament passes final orders, and the Governor General in Council comes in in this way. They can communicate that to the British Parliament with their recommendation that they support the demand of this House that they should stay their hands till we have pronounced on this matter.

Mr. President (The Honourable Sir Abdur Rahim): The report will not be made till the end of April, and the chances are that the Secretary of State's Orders in Council will be passed by July.

Mr. S. Satyamurti: Why should it be? They simply said, they had some vague information. Even the Honourable the Finance Member said that he understands, and it is now open to them to represent to His Majesty's Government the feeling in this House that they should stay their hand till they have received our opinions. That, certainly, is in the hands of the Government.

The Honourable Sir Nripendra Sircar: If my Honourable friend's sole desire is that we should communicate to the Secretary of State that there is a strong feeling in this House that the Orders in Council should be made at such a time that there can be a discussion in this House, we have not the slightest objection to doing so. But, for that there need not be a discussion for two hours on an adjournment motion.

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks that ought to satisfy the Honourable Member.

Mr. S. Satyamurti: If the Government will agree to convey the opinion of this House that His Majesty's Government should take such steps as are in their power to withhold the passing of Orders finally till the House has had an opportunity, I am quite content.

The Honourable Sir Nripendra Sircar: That is what I said.

Mr. S. Satyamurti: I am quite content.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member does not want to move?

Mr. S. Satyamurti: No. I have got what I wanted.

Mr. President (The Honourable Sir Abdur Rahim): There is another notice from Dr. Khare.

Some Honourable Members: He is absent.

Mr. President (The Honourable Sir Abdur Rahim): As regards this notice, although the Honourable Member is not here, and, therefore, it fails, still the Chair wants to say something with reference to it. In the notice, he proposes to ask for leave to move an adjournment of the business of the House on the ground that the Honourable the Commerce Member gave certain replies to certain questions asked by an Honourable Member, referring him to the replies given by him on the 26th February. The Chair really does think that it is an absolute waste of time to ask for an adjournment of the business of the House to discuss an answer like that. It was a perfectly legitimate answer which was given—referring him to replies recently given. The Chair disallows the motion.

THE INDIAN FINANCE BILL.

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

Mr. F. E. James (Madras: European): Sir, I beg to move:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head ‘*Book, Pattern and Sample Packets*’ the following be substituted:

‘ For a weight not exceeding two and a half tolas . . .	Six pies.
For a weight exceeding two and a half tolas, but not exceeding five tolas	Nine pies.
For every additional five tolas, or fraction thereof in excess of five tolas	Six pies.’”

[Mr. F. E. James.]

This is an extremely modest and moderate proposal. The book packet rate was originally raised from half an anna to nine pies on the ground that that method of sending matter through the post was being abused by sending postcards in envelopes at the half anna rate. Now, Sir, we have always pointed out that this increase in the book packet rate has inflicted a considerable hardship upon the retail traders in this country, both the large retailers and the small retailers. I think my Honourable friend, Mr. Bewoor, has already received a number of representations in regard to this matter. He received, when he was in Madras, a deputation from the Publishers and Booksellers Association of Southern India and they pointed out that they were representing in this matter, not the capitalists in any sense of the term, but the small retailer and the small establishment. He has to advertise. He cannot help it. It is true that the result of the raising of this rate has been increase in revenue. But the Honourable Member cannot argue from that that there is no hardship to trade. As a matter of fact, the trade is obliged to advertise, and I may point out that my Honourable friend, the Director General of Posts and Telegraphs, himself, is endeavouring to encourage that kind of advertisement. I have here one of his own advertisements in which he is trying to encourage the small trader to use the post office as a means of advertisement. He says 'Trade follows the mail'; and then he puts an increase of 50 per cent. on the rate! It seems a little hard on the trader. I would point out that this amendment strikes a middle course. It does not ask the Government to revert to the original rates. It reduces the weight level from five tolas to $2\frac{1}{2}$ tolas and puts the rate at six pies on the first $2\frac{1}{2}$ tolas. Thereafter, up to five tolas from $2\frac{1}{2}$, nine pies, and after the limit of five tolas back again to six pies. I am quite aware that I shall be told that this will cost money, and that, in the present state of the post office finances, they cannot even contemplate any loss under this head. Well, Mr. President, my answer to that argument is twofold. In the first place, the rate was not increased for revenue purposes originally, and, in the second place, although there may be some loss I am very doubtful as to the possibility of the department estimating to any great extent what that loss would be. Last year, they estimated a loss of, I think, $6\frac{1}{2}$ lakhs. We expressed our doubts at that time as to whether that was an accurate figure and the Honourable Member, the Director General of Posts and Telegraphs, had to admit that it was only possible to arrive at that figure by some rough and ready method. Therefore, we do suggest that in this matter Government might well afford to give some relief to a class of persons in this country who are really deserving of this consideration. After all the authorities have their own means of dealing with the matter of evasion of the increased post card rate. They have their methods of detection by post office officials and they have punishment laid down by the infliction of double rates. Therefore, I do suggest that they should revert to the old rate as far as $2\frac{1}{2}$ tolas is concerned. It will be a very great relief to those who are obliged, under any circumstances, to advertise, and who, in fact, live in their small way of trading by means of the circular advertisement. My Honourable friend, the Finance Member, said the other day that he wished the European Group would have a little "comprehension and charity". May I suggest to the Honourable Member for Industries and Labour that our comprehension will be greater if his charity can be extended in this matter. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Book, Pattern and Sample Packets*' the following be substituted:

' For a weight not exceeding two and a half tolas	Six pies.
For a weight exceeding two and a half tolas, but not exceeding five tolas	Nine pies.
For every additional five tolas, or fraction thereof in excess of five tolas	Six pies.'

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Sir, though it was our misfortune that the European Group was not able to support our amendment about postcards, I am here to tell the House that in the true Christian-cum-Congress spirit of "Do good unto those who do ye evil", we are going to support their amendment. When the House has carried the amendment about postcards, it is natural that this amendment should also be accepted. So far as I remember, the packet rate continued to be half an anna for a whole year after the rate for postcards had been raised to three pice. An Honourable Member of Government said in this House that this has led to a certain amount of fraud, and so the packet rate was also enhanced. I believe the fraud was due to the fact that printed postcards, when put in envelopes, were carried for half an anna, whereas they required three pice when sent as mere postcards; and, thereupon the rate on book packets was also raised to three pice. Now that the rate for postcards has been reduced to half an anna

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadian Urban): Has been?

Mr. Sri Prakasa: At least so far as the House is concerned, it is right, I think, to say that the rate on postcards *has been* reduced; and so the rate for book packets should also be reduced. Our own Congress amendment on the subject was that the minimum weight for a book packet to be carried for half-an-anna should be five tolas. The European Group, however, rightly desires to try and meet the Government half way; and I may only hope that Government will also meet it half way; so that at least for light packets, like printed circulars, press manuscripts, notices, bills, and receipts, we should have the lower rate and be enabled to send little packets up to two and a half tolas at six pies. Above that, the European Group recommends that we should have nine pies up to five tolas. As matters stand, I have no objection to accepting this and my Party is going to support the European Group.

So far as the question of expenses is concerned, I really think the Department should consider one aspect of the matter. I fear that though this Department is a very important Department of the Government, it is really regarded as the Cinderella of the show; and very often it is imposed upon by other Departments. There is a lot of waste, I think, in this Department on huge buildings at certain big places. Thus, I find it difficult to believe that a huge building like the Eastern Court was necessary for a Telegraph Office in a small place like New Delhi; and if the Department is not very careful, I am sure, within ten years, this

[Mr. Sri Prakasa.]

very building in which we sit will be forced upon it and another big Chamber constructed for the Legislative Hall.

An Honourable Member: Why?

Mr. Sri Prakasa: Because they will say that there are more legislators and more seats are necessary; and the only Department they will find on which to force this Hall would be the Postal Department. I, therefore, think that a great deal of saving can be effected if this Postal Department is really worked as a commercial department and does not allow itself, as at present, to subserve imperialist purposes. Sir, I have seen many postal buildings that are too big for the purposes which they are supposed to fulfil. Let me take the huge Post and Telegraph Office at Lucknow which is an absolutely useless building, but as Lucknow is *de facto* the Capital of the United Provinces, they evidently thought that they must have an imposing post office. Knowing Benares better than he can ever expect to do, I may also tell my friend, Mr. Bewoor, that it is absolutely useless to embark upon the huge expenditure on which he is thinking of embarking, for the construction of a large building in the City of Benares as a new telegraph office. Much money can thus be saved; and money so saved can be utilised for giving concessions to people who use the postal services.

My friend, Mr. Ramsay Scott, yesterday, complained that there are many post offices that are very dirty; and that it is not possible to be efficient when working in such places. Well, I am no supporter of dirt anywhere. Still, regard being had to the houses of the majority of our people, I do not think that there is any post office in India that is worse than these. In London, Sir, there are heaps of post offices in chemists' shops and grocers' shops; and they work quite efficiently. There, they have to get sixteen annas worth of return for every rupee that they spend. There they have no imperialist purposes to subserve; but, in India, the idea is that all buildings that have anything to do with Government must be so constructed that they may impress the people with the might of the British Government. That is the reason why in villages practically the only *pucca* buildings we come across are police stations and schools. Sir, this policy should be given up; and, if the Government as a whole refuse to give it up, at least this Department must put its foot down and say that, when they are expected to meet their own expenses, they should not be forced to take upon themselves the responsibility for the construction of buildings far beyond their means and needs. Sir, if systematic economy is practised in this matter, then there will be sufficient saving in this Department to enable it to afford some much-needed relief to the public. Without taking any more time of the House, I, on behalf of my Party, support the amendment moved by my Honourable friend, Mr. James, and I also hope that, after this gesture of our goodwill, he will be able to support some of our amendments later on. (Laughter.)

Several Honourable Members: The question may now be put.

Mr. G. V. Bewoor (Director General, Posts and Telegraphs): Sir, my Honourable friend, Mr. James, who has moved this amendment, has himself admirably summarised the objections against it. The book packet traffic rate was revised in the year 1934. Prior to that the rate of half an

anna for the first unit of weight had been unchanged since 1878. Between 1878 and 1921 the rate was half an anna for ten tolas, and, in 1921, the rate was retained at the same figure but the first unit of weight was reduced to five tolas. In April, 1934, the rate was raised by one pice for the first unit of weight only. Considering that all other traffic rates had been raised, *i.e.*, those on letters and postcards, and those for registration, etc., it appears to us that this increase was not unjustified. There is the further point that when this rate was raised, we anticipated a reduction in the traffic by at least 20 per cent. Our actual experience showed that the fall had been very much less, that is to say, the traffic had borne the rate. The figures for 1934-35 for inland book packets were 98 millions and during the current year 1935-36 we anticipate about the same traffic, *viz.*, 97 millions. It is true that the rate was not put up for the purpose of getting more revenue, but the fact remains that the traffic has borne the rate, and in the present state of the finances of the Department, especially, after the huge cut that has been imposed upon the Department of about 50 lakhs, it will be unwise to add to that big deficit another loss of about eight lakhs. For the next year we have estimated a traffic in the book packet class of 112 millions, that is to say, we anticipate a 14 per cent. increase, and, for the reasons which I mentioned yesterday, I do not think that the reduction of the rate, which this amendment seeks to secure, can give us any further increase. If it does, it will be of very small proportions. The reduction in the revenues of the Department is, as I have said, anticipated to be of the extent of eight lakhs if there is no increase in the traffic that we have estimated for the next year. But if the traffic increases by five per cent. we will get roughly $1\frac{1}{2}$ lakhs of rupees more, that is to say, if we have to recover the whole of the eight lakhs loss, the traffic must increase by at least 15 to 20 per cent. As our estimates already provide for an increase of 14 per cent. this means that the traffic would have to increase by 30 per cent. or even more, if we have to get the same revenue on the new rate as on the present rate. I do not think it is necessary to deal with this matter any further. We fully recognise that a low rate for book packets is of great advantage to the trading community. We do not deny that, but it is merely a question of whether we can afford to do it at the present moment.

I do not wish to go into the whole matter of economy again, but as my Honourable friend, Mr. Sri Prakasa, has raised the question of buildings, I would just mention to him that before embarking upon any building programme, we examine it especially from the financial point of view. I quite admit his criticism regarding the Lucknow building, but it is no use going into ancient history. That was started some years ago, but at the present moment, Honourable Members who are in the Standing Finance Committee would be aware that we put up all major building projects before them and place before them all the necessary facts showing why the new buildings are necessary.

Mr. Sri Prakasa: What about the Eastern Court in New Delhi?

Mr. G. V. Bewoor: It was constructed long ago. It does not merely accommodate the Telegraph Office. There the Honourable Member is mistaken. It accommodates the Telegraph Office, the Post Office and the Office of the Divisional Engineer and quarters for certain members of the staff whose residence on the premises is in the interests of service and

[Mr. G. V. Bewoor.]

efficiency. It was not put up for the purpose of the Telegraph Office. It was a building which we found convenient to occupy instead of constructing another building. As regards the Benares building, this proposal was put up before the Standing Finance Committee and approved by them. In Benares, we have a Post Office building which has proved to be absolutely inadequate for the present needs. We had, therefore, to rent another building, across the road, and that building is on the first floor and is inconvenient to the public as well as to the staff. We, therefore, utilised an existing site and are now going to construct a building which will accommodate the Post Office and the local combined office. I think it would be worthy of the City from which my Honourable friend comes. It is not a question of extravagance in these matters. Certain other Honourable Members criticised us for having bad buildings, ill ventilated.

Mr. Sri Prakasa: No modern building can be worthy of my city. They are all of bricks, while my old city is of stone.

Mr. G. V. Bewoor: But bricks can be as lasting as stone.

Mr. Sri Prakasa: But not so beautiful!

Mr. G. V. Bewoor: However, I may assure the House that whether in the matter of building or in the matter of any extra expenditure we have to incur, or we are now incurring, the question of economy is always considered. Our present expenditure in the budget has been framed on lines which I consider are still economic. Nothing can be more satisfactory to me, as the head of the Department, than to have more post offices, longer hours of work, more deliveries on holidays and cheaper rates. But in this matter, we must always see what it is going to cost. We must cut our coat according to our cloth. People who ask us to open more post offices should not forget that it means expenditure. We are fully aware, we are fully conscious of the fact that in recent years the number of post offices in rural areas has been badly restricted. The number of postmen has gone down. It is our desire that our rural population should receive full facilities both in the way of post offices and in the way of postmen. How would it benefit a villager if he is given a half anna postcard and at the same time if his nearest post office is 10 to 15 miles away or if he gets delivery once a fortnight or once a month. The cut which this House seeks to impose on the revenues of the Department is, I am sorry to say, going to restrict this beneficial expansion activities on which I am sure Honourable Members on the other side of the House are as keen as we are. It was, therefore, for that reason, that I appealed to the House not to force any further cut on the revenues of this Department, but to wait until we have built up our finances on a sound basis and until we are satisfied that these revenues have come to stay.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Will you accept the cut that has been made with regard to postcards?

Mr. G. V. Bewoor: That is not a matter with which we are dealing now.

Mr. M. A. Jinnah: The Honourable Member said, "Do not make further cuts". That means, will you accept the cut already made with regard to postcards. It may influence me to a very great extent as to how I should vote on this cut. If the Honourable Member will give me an assurance that the Government are prepared to accept the cut that we have made with regard to postcards, I shall consider how I have to vote on this motion.

Mr. G. V. Bewoor: I am not in a position to give any assurance whether Government will accept or not accept the cut already made.

Mr. M. A. Jinnah: What am I to do then?

Mr. G. V. Bewoor: I am giving the effect of the cut which has been imposed by this House on the revenues of this Department.

Mr. M. A. Jinnah: The Honourable Member wanted to impress upon this House that we should not make any further cuts.

Mr. G. V. Bewoor: That is right. I said the House has already cut the revenues of the department to the extent of 50 lakhs.

Mr. M. A. Jinnah: Then why say do not impose any further cuts.

Mr. President (The Honourable Sir Abdur Rahim): It is only a matter of language.

Mr. G. V. Bewoor: I merely said that this further cut will add to that loss. It is for that reason that I desire to oppose this motion and not for any other reason.

Sir Darcy Lindsay (Bengal: European): Sir, I spoke on this subject last year, and I would like to say a few words in support of the amendment moved by my Honourable friend, Mr. James. The Honourable Member who just sat down reminds me very much of the Bengal tiger. Having tasted blood, he wants more and more and he finds that this ever-increasing source of revenue, however wrong it may be, is very pleasant to his taste. His figures and his method of arriving at those figures are not very understandable. I think I saw words of his last year in which he said that the reduction in carriage of book post was only by about one per cent. In 1935, he said that the loss was only one per cent., and then in another speech, he told us how in a test, conducted in the Calcutta Post Office, in the month of August, the postcards went up from 94 lakhs to 98 lakhs during one week in August, whereas the number of book packets, at the same time, fell from 48 lakhs to 45 lakhs. Now, Sir, I am not a mathematician, but a rough calculation seems to show that it is six per cent. depreciation and not one per cent.

Mr. G. V. Bewoor: Those figures, may I explain, only related to Calcutta General Post Office. They were merely mentioned as an example. The figures which we are now comparing are for the whole India.

Sir Darcy Lindsay: I should have thought that the Calcutta figures would have given a very good test for the whole of India.

Mr. G. V. Bewoor: Not necessarily.

Sir Darcy Lindsay: When this new charge was imposed, my Honourable friend, Mr. James, explained that it was to counteract the diversion of postcard traffic by the ordinary user of the postcard to that of book post. I have never understood whether the users purchase a postcard and put it into an envelope and send it as book post. If my Honourable friend means that they write a letter and put that in the envelope and send it instead of a post card, that is understandable. But he does not say so.

Mr. G. V. Bewoor: Sir, I may say that I have not brought that argument in opposing the motion of Mr. James today.

Sir Darcy Lindsay: If the postcard is used in these envelopes, why not ordinary correspondence? Why did they fix on the postcard as the cause of this increase in the book post postage?

Mr. James has dealt fully with the question of "It pays to advertise". In the course of my visits to establishments in Calcutta, both Indian and European, I am assured that this extra postage is felt as a very great hardship on their advertising, and any relief the House can give would be most welcome. My Honourable friend has just told us that all rates were raised in order to get more revenue. What about the press rates? What about the rate of a quarter of an anna for newspaper postage? He complains that he has not got sufficient money in the department to pay his way and to expand. Why does he not again press upon the Government of India to refund to the department the 25 lakhs lost on press telegrams?

There is one little matter that I should like to refer to and it should have been brought up under the question of postcards. That is that an effort should be made to reduce the cost to the poor man of the writing of his postcards. If the department could see their way to employ writers at a reasonable rate and make the charge to the users of the postcard and letters less than a minimum of one anna, it would be a very great boon. With these words, I support the amendment.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I wish to draw attention only to one point. My Honourable friend, Mr. Bewoor, in his speech said that, when he increased the rate, he expected a fall of 20 per cent. but the fall was less than 20 per cent. This shows a peculiar mentality of the Postal Department which I want to protest against. The thing is that the Postal Department is not a purely commercial concern. It is intended for service to the public. That is a point which should not be ignored. The second point which also should not be ignored is that they have a monopoly, and there is nobody else who can run the department for postal communications. Had there been no monopoly and had the question of service to the public not been taken into consideration, then the principle that the rate should be increased to the extent which the traffic could bear would be true. Therefore, this principle of increasing the rate to the extent which the traffic can bear cannot be applied to the Postal Department for the two reasons

I have just indicated, namely, that they have a monopoly and because they are primarily intended for the benefit of the public. The principle which we ought to follow is to reduce the rate to such an extent that the post office may be run without any definite loss. The principle should be to reduce the rate as far as possible and not to increase it to an extent that the traffic can bear. That is the point to which I wish to draw attention.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I have very little to add to the exposition of the Government case which has been put forward by my Honourable friend, Mr. Bewoor. Some Honourable Member, in the course of this discussion, referred to Mr. Bewoor as being like a Bengal tiger. I think that charge could more fairly be levelled against my Honourable friends opposite. Having consumed the cow of the postcard, they now proceed to devour the calf of the book packets. Our position in this matter is clear. After making the change which we thought would appeal most to this House, the raising of the weight for the *anna* letter from half tola to one tola, we had a surplus of two lakhs left. You cannot do very much with that; and the effect of the change which my Honourable friend, Mr. James, advocates, would cost eight lakhs, and, therefore, leave us with a deficit balance of six lakhs. We, therefore, felt that we could go no further than we have already done. I have considerable sympathy with my Honourable friend's amendment but as it would involve the department in a deficit budget, I am constrained to oppose it.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Book, Pattern and Sample Packets*' the following be substituted:

' For a weight not exceeding two and a half tolas	Six pies.
For a weight exceeding two and a half tolas, but not exceeding five tolas	Nine pies.
For every additional five tolas, or fraction thereof in excess of five tolas	Six pies.'"

The Assembly divided:

AYES 30.

Abdoolah Haroon, Seth Haji.
Bajoria, Babu Baijnath.
Bhagchand Soni, Rai Bahadur Seth.
Buss, Mr. L. C.
Chattopadhyaya, Mr. Amarendra Nath.
Chetty, Mr. Sami Vencatachelam.
DeSouza, Dr. F. X.
Gidney, Lieut.-Colonel Sir Henry.
Hudson, Sir Lealie.
James, Mr. F. E.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Leach, Mr. F. B.
Lindsay, Sir Darcy.
Malaviya, Pandit Krishna Kant.

Mangal Singh, Sardar.
Milligan, Mr. J. A.
Morgan, Mr. G.
Paliwal, Pandit Sri Krishna Dutta.
Parma Nand, Bhai.
Rajah, Raja Sir Vasudeva.
Sant Singh, Sardar.
Scott, Mr. J. Ramsay.
Singh, Mr. Ram Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Vissanji, Mr. Mathuradas.
Witherington, Mr. C. H.
Yamin Khan, Sir Muhammad
Ziauddin Ahmad, Dr.

NOES 36.

Acott, Mr. A. S. V.
 Ahmad Nawaz Khan, Major
 Nawab.
 Allah Bakhsh Khan Tiwana, Khan
 Bahadur Nawab Malik.
 Aminuddin, Mr. Saiyid.
 Ayyar, Diwan Bahadur R. V.
 Krishna.
 Ayyar, Rao Bahadur A. A.
 Venkatarama.
 Bajpai, Sir Girja Shankar.
 Bewoor, Mr. G. V.
 Craik, The Honourable Sir Henry.
 Dalal, Dr. R. D.
 Das-Gupta, Mr. S. K.
 Dash, Mr. A. J.
 Grigg, The Honourable Sir James.
 Grigson, Mr. W. V.
 Hands, Mr. A. S.
 Hutton, Dr. J. H.
 Jawahar Singh, Sardar Bahadur
 Sardar Sir.
 Joshi, Mr. N. M.
 Khurshaid Muhammad, Khan Baha-
 dur Shaikh.

Lal Chand, Captain Rao Bahadur
 Chaudhri.
 Lloyd, Mr. A. H.
 MacDougall, Mr. R. M.
 Metcalfe, Sir Aubrey.
 Mukherjee, Rai Bahadur Sir Satya
 Charan.
 Noyce, The Honourable Sir Frank.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. P. R.
 Row, Mr. K. Sanjiva.
 Sale, Mr. J. F.
 Sarma, Mr. R. S.
 Sher Muhammad Khan, Captain
 Sardar.
 Singh, Rai Bahadur Shyam
 Narayan.
 Sircar, The Honourable Sir
 Nripendra.
 Spence, Mr. G. H.
 Tottenham, Mr. G. R. F.
 Zafrullah Khan, The Honourable Sir
 Muhammad.

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): That disposes of Book Pattern and Sample Packets. We next come to Registered Newspapers. Does any Member want to move any amendment with respect to it?

Pandit Sri Krishna Dutta Paliwal (Agra Division: Non-Muhammadan Rural): Sir, I beg to move:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, in the entries under the head ‘Registered Newspapers’, for the words ‘eight tolas’ the words ‘ten tolas’ be substituted.”

My amendment is a very simple one. It does not involve any very great loss for the Department. On the other hand, it will prove a great boon to newspapers and to the newspaper industry. The present postage rate operates as a hardship on that industry, and I say so from my personal experience as a journalist for the last twenty years. Let me take the case of the newspaper which I happen to have with me, *Praja Bandhu*. Its price is two pice. and it is a bi-weekly newspaper. What does the present rate mean? It means that, out of the total value of the paper, 50 per cent. goes to the post office, that is to say, 50 per cent. of the total value of the paper is a recurring charge which is incurred with mathematical certainty on every copy of the paper sent out. But, for my present purposes, let me take the illustration of a one anna weekly newspaper consisting of 32 pages, that is, eight forms, weighing eight tolas. If the paper wants to increase its size to 36 pages, the price would at once go up to five pice because of the postage. If you want to add one more form, the newspaper will weigh more than eight tolas and the cost will go up by 20 per cent. on account of the postage. This is

a very great hardship which operates oppressively upon the newspaper industry, and I think the matter has escaped the notice of those who have no experience of the newspaper industry. Therefore, in these days of broadcasting, etc., when Government are so very keen about the propagation of knowledge and useful information, it should not be impossible for them to accept my amendment; and this amendment has got no political motive or objective behind it. It is equally beneficial to all, to the friendly press as well as to the free press; from the Congress Socialist down to the *Statesman*, all will be equally benefited by this amendment, and I hope that the Government will accept it. With these words, I commend my amendment to the acceptance of the House.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, in the entries under the head *Registered Newspapers*, for the words 'eight tolas' the words 'ten tolas' be substituted."

Mr. G. V. Bewoor: Sir, the newspaper rate in India is one of the cheapest in any country of about the same size as India.

An Honourable Member: Why do you always compare?

Mr. G. V. Bewoor: The newspaper rate has remained unchanged since 1898. In 1898, the first unit of weight which was allowed for one pice was from four tolas; it was raised to six tolas in 1906, and to eight tolas in 1909. In Great Britain, the rate for a newspaper is one penny for a weight of six ounces, and in the United States it is one cent for two ounces—roughly equal to 8·7 pies for about five tolas. In Canada, it is 1½ cents per pound, *i.e.*, one anna and one pie for about 38 tolas. I do not think there is any justification for giving a cheaper rate in the form of raising the first unit of weight from eight to ten tolas. It is difficult to say what exactly would be the effect of carrying out the suggestion made in this amendment. Unfortunately, we have not got any statistics showing the different categories of weight in which newspapers posted in the post office go. Actually, a very large number of newspapers go by railway. This traffic is a losing traffic: it is a concessional traffic so that for every newspaper that we carry we are actually losing. The cost of handling a newspaper in the post office is very much higher than the postage that we recover upon it. The concessional rate has been given in the interests of the press and the public, and, we consider that the concession given is sufficiently liberal and that there is no justification to go beyond what has already been given. The weight of eight tolas is quite sufficient for all the poorer classes of newspapers, and I must therefore, oppose this amendment. I can only say what the loss would be on a more or less guess work; but if Honourable Members require some figure I can state that, assuming that 56 per cent. of the traffic will be within ten tolas and 24 per cent. within 20 tolas, and also that there would be no increase in traffic, we anticipate, that the loss to the revenues would be about Rs. 74,000; but, as I have already stated, the traffic is a losing one, and any addition to losing traffic is not to be welcomed. As the rate is sufficiently generous, I am sorry that I shall have to oppose this amendment.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, this is perhaps the only item here, where there is some contemplation of helping people towards their education: this is a kind of cultural amenity afforded to the people in rural areas, and this is a matter of Rs. 74,000 only. I am simply surprised that our friends on the opposite Benches always compare our rates with rates in England and America and France and other countries like that. . . .

Mr. G. V. Bewoor: I do that because Honourable Members themselves frequently quote England against India.

Pandit Nilakantha Das: Yes: but are they not aware of the fact that, particularly in this business of taxing newspapers, we should have a special schedule for ourselves, and we should not go on comparing things, particularly with those in England and other like countries? If they tax their newspapers more, it does not matter. For the people there are anxious themselves to purchase newspapers. But what are the circumstances here? Here our object is to introduce newspapers in the villages by every means possible. Hence, in a matter like this, if we propose to make the experiment of raising this weight by two tolas to ten tolas, I think Government should not grudge this Rs. 74,000 in the interests of our rural population and the cultural amenities which will thus be afforded to them.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, I wish to support this motion, and, in doing so, I would like to say that, while in other countries 90 per cent. of the paper circulation is being sent through railways, here more than 75 per cent. of it goes through the post; and the largest amount of circulation, especially of our vernacular newspapers, is to be found in rural areas. If you do not reduce your rates, you will be preventing the rural public from getting the benefit of newspapers and all that they can get from newspaper reading. It may be that Government are thinking of developing their broadcasting in order to help the rural masses. Sir, it is the Government which manage broadcasting, and therefore, we cannot be quite sure what sort of propaganda will be carried on by Government. Government themselves have stated that they will restrict themselves to non-political propaganda. Therefore, it is necessary that there should be newspaper reading, especially on political questions; and if there is any need today for the rural masses more than anything else, it is political education. and political education could be imparted to them mostly through newspaper reading. Therefore, in the interests of the rural masses, and in the interests of the advancement of their political consciousness, I wish that this House would support this amendment and give the benefit of cheaper newspaper service to the peasant and workers.

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

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898. in the entries under the head ‘Registered Newspapers’ for the words ‘eight tolas’ the words ‘ten tolas’ be substituted.”

The Assembly divided:

AYES 64.

Aaron, Mr. Samuel.
 Abdoola Haroon, Seth Haji.
 Aney, Mr. M. S.
 Asaf Ali, Mr. M.
 Ayyanger, Mr. M. Ananthasayanam.
 Azhar Ali, Mr. Muhammad.
 Ba Si, U.
 Badi-uz-Zaman, Maulvi.
 Banerjea, Dr. P. N.
 Bhagavan Das, Dr.
 Bhutto, Mr. Nabi Baksh Illahi Baksh.
 Chattopadhyaya, Mr. Amarendra Nath.
 Chettiar, Mr. T. S. Avinashilingam.
 Chetty, Mr. Sami Vencatachelam.
 Chunder, Mr. N. C.
 Das, Mr. B.
 Das, Mr. Basanta Kumar.
 Das, Pandit Nilakantha.
 Datta, Mr. Akhil Chandra.
 Deshmukh, Dr. G. V.
 Issak Sait, Mr. H. A. Sathar H.
 Gadgil, Mr. N. V.
 Giri, Mr. V. V.
 Gupta, Mr. Ghansham Singh.
 Hans Raj, Raizada.
 Hosmani, Mr. S. K.
 James, Mr. F. E.
 Jedhe, Mr. K. M.
 Jogendra Singh, Sirdar.
 Kailash Behari Lal, Babu.
 Khan Sahib, Dr.
 Khare, Dr. N. B.
 Lahiri Chaudhury, Mr. D. K.

Leach, Mr. F. B.
 Maitra, Pandit Lakshmi Kanta
 Mangal Singh, Sardar.
 Milligan, Mr. J. A.
 Mudaliar, Mr. C. N. Muthuranga.
 Muhammad Ahmad Kazmi, Qazi.
 Nageswara Rao, Mr. K.
 Paliwal, Pandit Sri Krishna Dutta.
 Pant, Pandit Govind Ballabh.
 Parma Nand, Bhai.
 Raghubir Narayan Singh, Chou-
 dhuri.
 Rajan, Dr. T. S. S.
 Raju, Mr. P. S. Kumaraswami.
 Ranga, Prof. N. G.
 Saksena, Mr. Mohan Lal.
 Sant Singh, Sardar.
 Satyamurti, Mr. S.
 Scott, Mr. J. Ramsay.
 Sham Lal, Mr.
 Shaukat Ali, Maulana.
 Sheodass Daga, Seth.
 Siddique Ali Khan, Khan Sahib
 Nawab.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Anugrah Narayan.
 Sinha, Mr. Satya Narayan.
 Sinha, Mr. Shri Krishna.
 Som, Mr. Suryya Kumar.
 Sri Prakasa, Mr.
 Thein Maung, Dr.
 Umar Aly Shah, Mr.
 Witherington, Mr. C. H.

NOES 41.

Acott, Mr. A. S. V.
 Ahmad Nawaz Khan, Major
 Nawab.
 Allah Bakhsh Khan Tiwana, Khan
 Bahadur Nawab Malik.
 Aminuddin, Mr. Saiyid.
 Ayyar, Diwan Bahadur R. V.
 Krishna.
 Ayyar, Rao Bahadur A. A.
 Venkatarama.
 Bajpai, Sir Girja Shankar.
 Bewoor, Mr. G. V.
 Craik, The Honourable Sir Henry.
 Dalal, Dr. R. D.
 Das-Gupta, Mr. S. K.
 Dash, Mr. A. J.
 DeSouza, Dr. F. X.
 Gidney, Lieut.-Colonel Sir Henry.
 Grigg, The Honourable Sir James.
 Grigson, Mr. W. V.
 Hands, Mr. A. S.
 Hudson, Sir Leslie.
 Hutton, Dr. J. H.
 Jawahar Singh, Sardar Bahadur
 Sardar Sir.
 Joshi, Mr. N. M.
 The motion was adopted.

Khurshaid Muhammad, Khan Baha-
 dur Shaikh.
 Lal Chand, Captain Rao Bahadur
 Chaudhri.
 Lloyd, Mr. A. H.
 MacDougall, Mr. R. M.
 Metcalfe, Sir Aubrey.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur Sir Satya
 Charan.
 Noyce, The Honourable Sir Frank.
 Rajah, Raja Sir Vasudeva.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. P. R.
 Row, Mr. K. Sanjiva.
 Sale, Mr. J. F.
 Sher Muhammad Khan, Captain
 Sardar.
 Singh, Rai Bahadur Shyam Narayan.
 Sircar, The Honourable Sir Nripendra.
 Spence, Mr. G. H.
 Tottenham, Mr. G. R. F.
 Yamin Khan, Sir Muhammad.
 Zafrullah Khan, The Honourable
 Sir Muhammad.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not know if any other Honourable Member wishes to move any motion regarding "Registered Newspapers".

(No Honourable Member stood up.)

Then, the Chair passes on to "Parcels". Does any Honourable Member wish to move any motion regarding "Parcels"?

The question is:

"That Schedule I, as amended, stand part of the Bill."

The motion was adopted.

Schedule I, as amended, was added to the Bill.

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

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): Clause 4, Schedule II. The question is:

" That Schedule II stand part of the Bill."

Mr. Mathuradas Vissanji (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, I move:

"That for Schedule II to the Bill, the following be substituted :

SCHEDULE II.

(See Section 4.)

PART I.

Rates of Income-tax.

A. In the case of every individual, undivided Hindu family, unregistered firm and other association of individuals not being a registered firm or Company:—

RATE.

- | | |
|---|---|
| (1) When the total income is Rs. 2,000 or less | No tax. |
| (2) When the total income is Rs. 2,000 and upwards, but is less than Rs. 5,000. | No tax upto the first Rs. 2,000 of the income, and the tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000. |
| (3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | No tax on the first Rs. 2,000 of the income; tax at rate of six pies in the rupee on the income between Rs. 2,001 and Rs. 5,000 and at the rate of nine pies in the rupee on the income between Rs. 5,001 and Rs. 10,000. |

- (4) When the total income is Rs. 10,000 and upwards, but is less than Rs. 15,000. No tax on the first Rs. 2,000 of the income; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at the rate of nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; and at the rate of one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000.
- (5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; and at the rate of sixteen pies in the rupee on the portion of the income between Rs. 15,001 and Rs. 20,000.
- (6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at the rate of nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; at sixteen pies on the portion of the income between Rs. 15,001 and Rs. 20,000; and at nineteen pies in the rupee on the portion of the income between Rs. 20,001 and Rs. 30,000.
- (7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; at sixteen pies in the rupee on the portion of the income between Rs. 15,001 and Rs. 20,000; at nineteen pies in the rupee on the portion of the income between Rs. 20,001 and Rs. 30,000; and at twenty-three pies in the rupee on the portion of the income between Rs. 30,001 and Rs. 40,000.

[Mr. Mathuradas Vissanji.]

- (8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; at sixteen pies in the rupee on the portion of the income between Rs. 15,001 and Rs. 20,000; at nineteen pies in the rupee on the portion of the income between Rs. 20,001 and Rs. 30,000; at twenty-three pies in the rupee on the portion of the income between Rs. 30,001 and Rs. 40,000; and at twenty-five pies in the rupee on the portion of the income between Rs. 40,001 and Rs. 1,00,000."

In submitting this amendment, my main object is to point out that the income-tax as it stands today, though apparently a progressive tax, is in reality not progressive as between the various stages of the incomes at which successive and progressive rates commence to operate. For instance, while up to Rs. 2,000 there will be no tax, between Rs. 2,000 and Rs. 5,000 the whole of the income would be liable from Re. 1 to Rs. 5,000 at 6 pias, so that that portion of the income which is, by the fundamental principle of the law, exempted from taxation, is also chargeable at the same rate as the surplus over Rs. 2,000 which is regarded in the intention of the law to be the income open to taxation. My amendment seeks to maintain:—

- (a) The minimum exempted from taxation to be always exempted.
- (b) To charge income-tax only on the surplus of the exempted minimum so that the real minimum of subsistence continues always to be exempted.
- (c) To commence each progressive rate of tax for each successive higher amount of income from the point, and only from the point, at which the increment in the income begins, and the rate is intended to increase.

The Honourable Sir Nripendra Sircar (Leader of the House): On a point of order, Sir. My Honourable friend has read only what appears at page 10, and he has not read item No. 9 on page 11, which deals with income above Rs. 1,00,000,—and that is the income, I believe, with which my Honourable friend is concerned—nor the two provisos. Has he done it purposely, or was it due to mere inadvertence?

Mr. Mathuradas Vissanji: I beg your pardon. I missed it. I will read it:

(9) When the total income is Rs. 1,00,000 or upwards . . . The same graduated rates to apply as in (8) above up to the several portions of the income up to Rs. 1,00,000 and at twenty-six pies in the rupee for all excess above Rs. 1,00,000.

Provided that, rebates shall be given, on income up to Rs. 5,000 at the rate of Rs. 1,000 free from taxation in respect of every child under 18 years of age depending upon the assessee, and one wife of the assessee, subject to a maximum of Rs. 4,000 of the income for the purpose of calculating such rebate.

Provided further that rules shall be made under this Act permitting income derived from business to be so calculated, for purposes of assessment, that an average of three years may be declared to be the income liable to taxation."

I submit, Sir, this is not only a more rational but also a more just method of taxing the incomes. It is impossible, in the statistics published by Government, to estimate exactly in a compendious form what will be the financial consequences of this alteration. I would, submit, however, that inasmuch as I make no changes in the rates of taxation themselves, and exempt only the lower incomes at each successive stage from taxation, or from the higher rate, the loss to the Finance Department ought not to be very considerable. The practice, I understand, even now is for the Income-tax Assessing Officers, in order to avoid the injustice which the present system of average rating involves, to charge the tax only up to such excess as would not make the higher income open to taxation actually less to the individual receiving the income and paying the tax than the lower income not liable to the tax or to the tax at the same rate. To illustrate my meaning, if a man has an income of Rs. 2,010, at the rate of 6 pies in the rupee, which would mean a tax of Rs. 62-13-0, the nett income would be Rs. 1,947-3-0. Obviously this is unjust, and the practice of the Income-tax officers nowadays is to take away only the extra Rs. 10-1-0 and leave the rest of the income as intended by the law free from tax.

The same practice operates in the higher stages of the income, so that in the administration a sort of rough and ready justice is afforded by the Administrative Officers, which practically avoids some of the grossest injustice to which this method of taxation would be exposed.

By my amendment I am seeking no more than making more regular, lawful, and systematic the assessment of incomes to taxation; and I submit that the loss likely to result would be inconsiderable in view of the practice already prevailing, whereby Income-tax Officers automatically afford justice of a rough and ready sort which I have already mentioned. In view of the very serious objection to which the present system is open, in view of the opportunity it affords to abuse or discrimination and consequent disputes, waste of time and money both to the Government and to the assesseses; and in view of the essential fairness and justice of my suggestion, I do hope that the House will agree to the suggestion, and the Finance Member will accept it.

As for the proviso, now that they have been admitted as being quite in order. I may only point out that the intention of the proviso is to make the Indian Income-tax analogous to that prevailing in England, wherein on

[Mr. Mathuradas Vissanji.]

all smaller incomes up to the limit of £700 per annum, a rebate or allowance is granted in respect of every dependent or child under age living with the parents and having to be maintained out of that income. The practice of Joint Family may render the literal incorporation of the British provision somewhat difficult. I have, therefore, suggested only a rebate in respect of only three children and one wife, and that too up to an income of Rs. 5,000 per annum from which a rebate of no more than Rs. 4,000 can be given. If these were adopted, the hardships to the lower smaller men would be very much minimised and the loss to the Finance Department would not be very considerable.

As regards my second proviso, which is meant for permitting merchants to write off trade losses of one year against the profits of another, I may point out that this too is in virtue of previous assurances given by the predecessor in office of the present Finance Member; it is analogous to the practice prevailing in England, where trade losses are allowed to be carried forward for a period, not only of three years but, of six years, and where accordingly the tax collection becomes both more just and easier to bear. I realise that the adoption of this principle may involve a considerable sacrifice to the Finance Department, but I submit that the inherent justice of my proposal ought to make it welcome, if not immediately, at least in the near future to the financial authorities of this country and I can assure them that the facility which is afforded to the commercial community will more than recompense itself by the process of averaging which will really result in no material losses over a period of years, say five or six at the most.

I hope the Finance Member would agree to my suggestion.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That for Schedule II to the Bill, the following be substituted:

SCHEDULE II.

(See Section 4.)

PART I.

Rates of Income tax.

A. In the case of every individual, undivided Hindu family, unregistered firm and other association of individuals not being a registered firm or Company:—

RATE.

- | | |
|---|---|
| (1) When the total income is Rs. 2,000 or less . . . | No tax. |
| (2) When the total income is Rs. 2,000 and upwards, but is less than Rs. 5,000. | No tax upto the first Rs. 2,000 of the income, and the tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000. |
| (3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | No tax on the first Rs. 2,000 of the income; tax at rate of six pies in the rupee on the income between Rs. 2,001 and Rs. 5,000 and at the rate of nine pies in the rupee on the income between Rs. 5,001 and Rs. 10,000. |

- (4) When the total income is Rs. 10,000 and upwards, but is less than Rs. 15,000. No tax on the first Rs. 2,000 of the income; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at the rate of nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; and at the rate of one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000.
- (5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; and at the rate of sixteen pies in the rupee on the portion of the income between Rs. 15,001 and Rs. 20,000.
- (6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at the rate of nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; at sixteen pies on the portion of the income between Rs. 15,001 and Rs. 20,000; and at nineteen pies in the rupee on the portion of the income between Rs. 20,001 and Rs. 30,000.
- (7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. No tax on the first Rs. 2,000; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000; at nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000; at sixteen pies in the rupee on the portion of the income between Rs. 15,001 and Rs. 20,000; at nineteen pies in the rupee on the portion of the income between Rs. 20,001 and Rs. 30,000; and at twenty-three pies in the rupee on the portion of the income between Rs. 30,001 and Rs. 40,000.

[Mr. President.]

- (8) When the total income is Rs. 40,000 or upwards but is less than Rs. 1,00,000. No tax on the first Rs. 2,000 ; tax at the rate of six pies in the rupee on the portion of the income between Rs. 2,001 and Rs. 5,000 ; at nine pies in the rupee on the portion of the income between Rs. 5,001 and Rs. 10,000 ; at one anna in the rupee on the portion of the income between Rs. 10,001 and Rs. 15,000 ; at sixteen pies in the rupee on the portion of the income between Rs. 15,001 and Rs. 20,000 ; at nineteen pies in the rupee on the portion of the income between Rs. 20,001 and Rs. 30,000 ; at twenty-three pies in the rupee on the portion of the income between Rs. 30,001 and Rs. 40,000 ; and at twenty-five pies in the rupee on the portion of the income between Rs. 40,001 and Rs. 1,00,000.
- (9) When the total income is Rs. 1,00,000 or upwards. The same graduated rates to apply as in (8) above up to the several portions of the income up to Rs. 1,00,000 and at twenty-six pies in the rupee for all excess above Rs. 1,00,000.

Provided that, rebates shall be given, on income up to Rs. 5,000 at the rate of Rs. 1,000 free from taxation in respect of every child under 18 years of age depending upon the assessee, and one wife of the assessee, subject to a maximum of Rs. 4,000 of the income for the purpose of calculating such rebate.

Provided further that rules shall be made under this Act permitting income derived from business to be so calculated, for purposes of assessment, that an average of three years may be declared to be the income liable to taxation."

The Honourable Sir James Grigg (Finance Member): I understand from the Mover of this amendment that his intention is to introduce something which is on all fours with the present English income-tax system. Far be it from me to belittle the English income-tax system, but I do say two things about his suggestion. The first is that he has not reproduced the English income-tax system in one very important particular, and, that is, he has made no provision for the English conception of the standard rate, and, if I may say so with respect, that completely vitiates the amendment which he has produced. Secondly, the carry forward of losses is another of his desires, and on that I made my position quite clear on previous occasions. I am not going to attempt to produce any single argument in theory against this question of allowing business firms and companies to carry forward losses. There is no argument in equity against it. The only argument which has ever been brought forward in recent years is the question of cost, and, of course, that argument still prevails. I should think that the degree of carry forward, which the Honourable Member desires in his proviso, will cost about a crore a year, and when we come to examine the remaining part of his scheme, as far as I can make out, the cost of the Schedule taken by itself

is about four crores a year, and the cost of his first proviso is about a crore and a quarter. So, the total cost of his amendment, as a whole, is five or six crores, and obviously no Government can accept proposals of that sort, but let me say this on the general question of alterations of structure or the introduction of the English income-tax system what I said last year that although I am very doubtful whether the English system is applicable, readily or to any very large extent, to India, that is obviously one of the questions which the income-tax experts who are now in India will consider and have been asked to consider. What the ultimate recommendation will be, I cannot say, but they have been asked to consider this question. Sir, with that explanation and with the information before him as to what it will cost and the knowledge that this amendment very imperfectly carries out his desire, I hope he will agree not to press the amendment.

Dr. P. N. Banerjee: On a point of information, Sir,—may I ask what the cost will be if the Finance Member accepts two of the suggestions made by the Honourable the Mover of this amendment, *viz.*, first, that the exempted minimum should be exempted throughout, and, second, that rebates should be granted in respect of wife and children?

The Honourable Sir James Grigg: I cannot answer the point about wife and children, in the absence of any family statistics. I can answer the other point regarding the freeing of "two thousand" from income-tax for everybody; the cost of that would be two crores a year.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, on a point of information, under the English Statute, we find a higher limit up to £700, then there is a lowering or the exemption of £125. I shall make myself clearer. The first £125 are absolutely exempt; if the income is £200, £100 are exempted; if it is £300,

The Honourable Sir James Grigg: The Honourable Member is talking about an income-tax scale that was in existence before 1920 or 1921: the whole system has been changed since then. He is talking in terms of a system which has not been in operation for at least ten years.

Prof. N. G. Ranga: Sir, I wish to oppose this amendment

Mr. President (The Honourable Sir Abdur Rahim): The Honourable the Mover does not perhaps wish to press this amendment; and, if the Honourable the Mover does not want to press his amendment, there is no need for the Honourable Member, Professor Ranga, to speak now.

Mr. Mathuradas Vissanji: Sir, in view of the statement made by the Honourable the Finance Member, I wish to withdraw my amendment.

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

"That the Honourable Member, Mr. Mathuradas Vissanji, be granted leave to withdraw the amendment, No. 77, standing in his name, which has just been read out."

The amendment was, by leave of this Assembly, withdrawn.

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

“That Schedule II stand part of the Bill.”

The motion was adopted.

Schedule II was added to the Bill.

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.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I beg to move:

“That in sub-clause (1) of clause 4 of the Bill, all the words occurring after the words ‘Second Schedule’ be omitted.”

Sir, this question of removing the surcharges on income-tax has been discussed, at some length, in this House before and I do not want to deal with this matter in great detail. All I want to say is this that there is complete unanimity amongst all sections of the mercantile community, whether Indian or European, whether a full-fledged Congressman like my Honourable friend, Mr. Sani Vencatachelam Chetty, or a semi-Congressman like my Honourable friend, Mr. Mathuradas Vissanji, or a moderate like myself or loyalists like my Honourable friends of the European Group, whether Hindus, Parsis or Muslims all are unanimous that this surcharge should be removed. This income-tax is paid mostly by the trading community and two-thirds of the income-tax is realised from incomes on business. Sir, the rate of income-tax has also been increased during recent years from 50 per cent. in case of lower incomes to one hundred per cent. in cases of higher incomes and this has a very distressing effect on the general trade and industry of the country. Apart from the question of removal of surcharge, there are several other grievances in income-tax matters on which I want to draw the attention of the House. There is the question of the carrying over of business losses. The Honourable the Finance Member replied that it would cost one crore, but the question is whether it is reasonable or not, whether our demand is reasonable or not. All the trading associations have demanded this. Government, so to say, is a partner in our business to the extent of the income-tax. It is only reasonable that when there is loss they should allow us to carry forward our losses to the next year so that we might recoup. Supposing, I lose Rs. 20,000 this year and next year I make a profit of Rs. 10,000. Apart from the fact that I have not been able to recoup the loss of the previous year, I have to pay income-tax to the Government. It has a very bad effect on my finances. Sir, then there is the question of rebates for married men, maintenance for children and other things. The Honourable the Finance Member just now said that all these matters are being discussed and examined by an

expert committee of enquiry. I must say frankly that the business community have got very little confidence in this Committee of experts which is examining income-tax departmental affairs. No commercial man, whether Indian or European, is associated with this expert enquiry committee. The Commissioner of Income-tax, Bombay, is associated with it, and I am sure that the experts will see things only what the Commissioner of Income-tax, Bombay, or other departmental officers show to them. What was wanted was that there should have been a public enquiry committee in which both Europeans and Indians belonging to the commercial community should have been represented and then we could expect some justice from such a committee.

There is another point I wish to bring to the notice of the Government. There is the question of appeals. Section 23(4) gives arbitrary power to the income-tax officers to assess summarily and arbitrarily and then there is no right of appeal to the assessee. This is very unjust. There must be a right of appeal and then appeals in cases where they are allowed have to be made to the Assistant Commissioner of Income-tax or to the Commissioner of Income-tax. They are only departmental heads and they have also a hand in the assessment in the first instance. Sir, I think that the appeals should be heard by a judicial tribunal. There are several other anomalies in the present system of assessment of income-tax and I think a public enquiry committee should be appointed. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in sub-clause (d) of clause 4 of the Bill, all the words occurring after the words 'Second Schedule' be omitted."

The Honourable Sir James Grigg: Sir, as I understand the meaning of this amendment—though the last part of the Honourable Member's speech casts some doubt on his intention—the desire is to remove the rest of the surcharges on income-tax and super-tax: I address myself solely to that issue and not to the ones which he raised in the latter part of his speech. though, I would say, if he thinks that the business people in practically every important city in India who have put their case before the Income-tax Experts have made such a poor show of it that these Experts are not likely to be impressed by them, I cannot help that. I gather that abundant opportunities have been given in practically all the big cities in India for the commercial community and other representative bodies to place their case fully before the experts. However, Sir, let us return to our muttons.

This is a proposal to remove the rest of the surcharges on income-tax and super-tax. I dealt fully with this question in my replies to the Leader of the European Group unsatisfactory as those replies were deemed to be, but the fact is that this would cost one crore 38 lakhs and in spite of the assurances to the contrary by people who have no responsibility for making the calculations, we, with the best information at our disposal and using the best intelligence at our disposal, have come to the conclusion that there is not a balance of a crore and 38 lakhs on this year's budget, nor is there likely to be one. And that being so, this would unbalance the budget to a considerable degree and, therefore,

[Sir James Grigg.]

cannot be accepted. At the same time, I should like to repeat what I have repeated several times already that we are very sorry that this should be so. Definite obligations have been undertaken in this behalf by my predecessors, and I have no desire to escape from that obligation. At the same time, with the best will in the world, Government are of the opinion that we cannot do more than we have done this year, and, therefore, I will ask the House to reject this amendment.

Prof. N. G. Ranga: Sir, I wish to oppose this amendment. It is not because I do not want any section of our people to get any tax relieved, but it is because, as we are situated today, we are powerless in our fight against this Government, and, therefore, we are obliged, in spite of ourselves, to pay some taxes or other in order to maintain this Government. This Government collect these taxes, not because we pay them voluntarily but because they have the power to collect them, and so this Government have to be maintained and are being maintained. Who is to maintain this Government? Somebody or other has got to pay the taxes. If this particular tax remission were to be given to these payees of direct taxes, Government would be a loser of one crore and 34 lakhs and Government would begin to wonder wherefrom they could get it. They would certainly think of only one section of the people, and that is the poorer classes of people in this country, as they have always done in the past whenever they wanted additional revenues: They would also hereafter try to get the major portion of it from the poorer classes of this country if they were to need any additional income. Here, especially, when rich people themselves have to be given this remission, Government cannot think of getting any more from the rich people and so they will have to derive all this from the poor people. Is that fair, is that just, to permit this Government to pounce upon the poor and grab these, 1,34 lakhs more in addition to what the poor people are obliged to pay even at present? Sir, I think it is very unfair and very unjust on the part of the rich people of this country to come forward with a demand like this. I do not hold any brief at all for this Government; I do not wish to pay any taxes to this Government as it is today; but I am obliged to pay, I cannot help it. And, in paying these taxes, I should like the rich people to contribute very much more than they are doing today; because I know that the rich people are certainly in a better position to pay these taxes than we poor people. And, what is more, they are deriving very much more benefit from this Government than the poor through the customs duties. It is the rich people really who are being benefited in this country and not the poor people, and it is only fair that, if we are to pay any taxes, they ought to bear the lion's share. But, on the other hand, the truth is that they pay very much less than what the poor people are paying. They do not even pay just as much as the additional income that the poor people have had to pay in the last 15 years even in the shape of customs duties. Therefore, I really cannot be a party to saddling the poorer classes in this country with an additional tax burden of one crore and 34 lakhs of rupees. At the same time, I do want this Government to spend immense amounts of money upon the development of public utilities in this country. They have, within the last two years, given the benefit of a recurring grant or subsidy of two crores of rupees to the rich people, whereas they have only made a

non-recurring grant of two crores of rupees for the poor people. That shows how the wind blows. This Government is certainly on the side of the rich and not on the side of the poor; And if you want this relief, I can only say that you are being very unreasonable and very unfair. But I ask this Government to spend very much more money upon public utilities, specially on the rural development grant and such other public utilities. I expect this Government to get very much more money through taxation, but my rich friends here need not get themselves frightened into thinking that I am asking this Government to impose any additional taxation on them. I would certainly like this Government to impose additional taxation on them in order to make good the loss we have inflicted upon them by cutting down the salt duty. But, in addition to that also, I want them to raise some more money. How can they raise it? They can do it

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go into all that now.

Prof. N. G. Ranga: Without raising the income-tax rates, they can raise money. There is a lot of foreign capital invested in this country which has escaped the payment of income-tax. There are many Europeans and others who keep up a show of living in this country by investing their capital in this country, but in companies, which are incorporated in England, and they are escaping the payment of their proper share of income-tax. In addition to that, there are now 100 crores of rupees that Indians pay in the shape of freight charges to foreign shipping

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is only opposing this amendment. He need not go into other alternative suggestions.

Prof. N. G. Ranga: Therefore, if only Government would direct the Committee, which is now inquiring into the working of the income-tax law, to suggest ways and means by which the Government of India will be able to stop all the leakages that now occur in the collection of income-tax, to enable them to collect all the income-tax that they could certainly collect, it would be possible for the Government of India to assure for themselves an additional income of at least eight crores of rupees through this means of income-tax alone. And if they were to do it, they would certainly be able to spend very much more on public utilities and also help these rich people by not taxing them immediately to any greater extent than at present.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That in sub-clause (1) of clause 4 of the Bill, all the words occurring after the words 'Second Schedule' be omitted."

The motion was negatived.

Dr. P. N. Banerjee: Sir, I move:

"That in sub-clause (1) of clause 4 of the Bill, for the word 'one-twelfth' the word 'one-sixth' be substituted."

Sir, my object in moving this amendment is to insist that Government should, both at the time of imposing fresh taxes and at the time of tax remission, keep always in view the principle of ability to pay, which is recognised everywhere to be a sound and just principle.

Mr. President (The Honourable Sir Abdur Rahim): Does the Chair understand the object of this amendment to be to keep the law as it stands?

Dr. P. N. Banerjee: Yes, Sir. Now if this principle is kept in view at the present moment the reduction in surcharges which affect the poorer classes of the population should have precedence over reduction of surcharges which affect the middle and richer classes. The other day, my Honourable friend, Mr. James, waxed eloquent over the difficulties of the middle class. Now, to my mind, the poorer middle class have already been exempted from the scope of income-tax by reason of the minimum limit having been raised to Rs. 2,000. If, however, this term "poorer middle classes" be extended to some extent, it might include those whose incomes range between Rs. 2,000 and Rs. 5,000. I would not object to the surcharge being removed on these incomes, but I would certainly object strongly to the surcharge being reduced at the present moment on incomes above Rs. 5,000. In this connection, it is a matter of great regret to me to find that my European friends have always taken a very unfair attitude, not on the present occasion alone, but always in the past. When income-tax was first levied, the European community in India strongly objected to its imposition, and in 1866, Sir John Lawrence, the then Governor-General, wrote in a minute to Sir Stafford Northcote:

"The English community have objected to the income-tax. It was mainly through their influence that it was not continued in 1865-66 The English community almost universally lend their influence in favour of increased expenditure of various kinds, but when it comes to taxation to meet the extra cost, they resist their share of the burden."

On another occasion, Sir John Lawrence wrote that the English community always wanted that taxes should be levied only on Indians. This attitude is wrong, and I hope that the leaders of the European community, who are all enlightened men, will widen their outlook in future and enlarge their vision.

This House has now decided to abolish the salt duty and to reduce the price of the postcard. It is now incumbent upon us to help the Government to balance their budget (*Cries of "Hear, hear"*), and one of the means by which we can help Government to balance their budget is through my amendments—this amendment and another which will soon be moved. If that is done, it will go some way towards balancing the budget. If Government adopt the policy of retrenchment in all departments, the entire budget can be balanced without any difficulty. As my amendment is intended to help the Honourable the Finance Member, I am sure he will welcome it. With these words, Sir, I move my amendment.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in sub-clause (1) of clause 4 of the Bill, for the word 'one-twelfth' the word 'one-sixth' be substituted."

The Honourable Sir James Grigg: I am properly—I use the word designedly—grateful to the Honourable the Mover for his kind offer of assistance, but as I once before quoted in this House a tag to the effect that I fear the Greeks especially when they bring gifts in their hands. . . .

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Who is the Greek here?

The Honourable Sir James Grigg: . . . and, on the whole, I must say that I prefer the Government's own scheme of tax remission to the one which the Mover has offered to me. Sir, this is all part of the same debate which has been going on over the whole of the last two years about the question of priority of reductions of taxation. In my view, as I have said over and over again, this question is settled by the pledges given by my predecessor and as, in any case, I think the gift which the Honourable Member now brings is quite inadequate to repair the damage which he and his friends have done, I would ask the House to join me in rejecting the gift which is now offered.

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

"That in sub-clause (1) of clause 4 of the Bill, for the word 'one-twelfth' the word 'one-sixth' be substituted."

The motion was negatived.

(Mr. Mathuradas Vissanji stood up to move the next amendment.)

The Honourable Sir James Grigg: This amendment was dealt with by me with No. 29.

Mr. President (The Honourable Sir Abdur Rahim): Is this the same as the other?

The Honourable Sir James Grigg: One is super-tax and the other income-tax. In my reply, I dealt with both the points.

Mr. President (The Honourable Sir Abdur Rahim): But he must move the amendment.

Mr. Mathuradas Vissanji: Sir, I move:

"That in sub-clause (2) of clause 4 of the Bill, all the words occurring after the words 'Second Schedule' be omitted."

I shall be very brief in my statement. The arguments for my amendment have been mentioned very clearly by the Leader of the European Group, and I do not want to repeat them. The present Finance Member's predecessor had given the promise to remove the surcharge no sooner the emergency expired. With these few words, I move the amendment.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in sub-clause (2) of clause 4 of the Bill, all the words occurring after the words 'Second Schedule' be omitted."

The Honourable Sir James Grigg: Sir, if I may, without disrespect, say that as the arguments which I used on the occasion of the Honourable Member's former amendment apply to this equally I do not think I need say any more.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Read them out again.

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

"That in sub-clause (2) of clause 4 of the Bill, all the words occurring after the words 'Second Schedule' be omitted."

The motion was negatived.

Pandit Nilakantha Das: Sir, I beg to move:

"That in sub-clause (2) of clause 4 of the Bill, for the word 'one-twelfth' the word 'one-sixth' be substituted."

I know the fate of this amendment even before I move it. I am not in a mood to make any offer of money to the Government for balancing their budget, nor, to repeat the words of my friend, Prof. Ranga, do I like to be a party in making money for this Government in one way or another. They are themselves highly equipped for it and don't need our help. But I should like to take this opportunity to raise a voice of protest in clear terms—which has hardly been done. Whenever there arises an occasion for reducing taxes, the first thought of the Finance Department is the commercial classes. The Honourable the Finance Member has, in fact, said that it is in response to the pressure from commercial quarters that these income-taxes are being reduced.

Sir Cowasji Jehangir: When did he say that?

Pandit Nilakantha Das: In his budget speech. I have not got it here.

^{3 P.M.} He has said so; and in the last paragraph, by way of apology, so to say, he has said 'I have done something for the agricultural classes'. Perhaps he means thereby the village reconstruction grant. I do not think much of it. I know the effect of such grants and their intentions; but the main

Mr. M. S. Aney (Berar Representative): What is their intention?

Pandit Nilakantha Das: Their intention may be half-political, and the effect is that all the money may not go to the benefit of the villager. It may flow out on the way into other channels. Whatever that be, the whole policy of taxing the country is rotten, and I just utter a word of warning that we are heading towards an economic ruin, out of which neither the Government nor the commercialists will ever be able to recuperate us although our power of recuperation, says the Finance Member, is marvellous. We cannot revive. We are going towards such a situation. We are always cutting down income-tax like this, but the figures are appalling. We have been given figures from 1921-22 to 1936-37. In 1921-22 the figures for customs, including salt, are 41 crores; and in 1936-37 for the same including salt the estimate is 64 crores, or an increase of 23 crores so far as the tax realised from the people by the Government alone is concerned, not to speak of the amount that goes to the industrialists. But look at the income-tax figures. From 22 crores in 1921-22 it is now less than 16 crores.

An Honourable Member: Due to reduction of taxation?

Pandit Nilakantha Das: Yes, year after year

Mr. A. H. Lloyd (Government of India: Nominated Official): The rates are much higher now than in 1921.

Pandit Nilakantha Das: But you must compare the rate in both cases. You must compare at what rate the villager is paying today. The man who pays indirect taxes pays at a much heavier rate today; and another factor is that he has no money to pay. I know, in our villages, even men owning hundreds of acres of land are unable to pay their land revenue out of their produce; and, in many instances, I can show to the Honourable the Finance Member, if he comes with me to my villages, that people are earning money outside the province and in foreign labour centres only to pay the land revenue. So the rates does not matter: the money must be found out from somewhere; and that 'somewhere' is not in going on piling indirect tax on the people. Another factor in this indirect tax is that this increase of 23 crores is not the only money that the villager, the indirect taxpayer, is paying. This is his payment to the Government alone. He is paying much more than this 23 crores: perhaps the industrialists and the commercial quarters, as the Honourable the Finance Member calls them, pocket more than even 23 crores out of the payment of the indirect taxpayer; in no case it is less than 23 crores. The Finance Member himself admits that only in textiles and sugar 34 crores are paid by the villagers and the people of this country by way of indirect taxation, out of which he himself gets only seven crores for the State Exchequer. 27 crores goes into the pockets of these commercialists, and we may calculate the price of sugarcane, the price of cotton, the price of labour—everything told, let us say, 20 crores goes: and at least seven crores, that is, as much again as the Government gets, is being available to the commercial interests in this country. Where then is the logic? Where is the reason, that, whenever there is any occasion for reduction of taxes, we should always look to the protection of these organised interests, who can make their voice better heard, while Government pose themselves to be the custodians of the interests of the poor masses of this country? Do they ever realise that the mass of the population are, on account of this unequal treatment, going to rack and ruin?—And all this is being done in the name of protection of our industries? Of course in principle, I may not be against protection as such; but the method and manner of its implication and application must undergo a radical change. The incidence must be carefully calculated, and in this connection facts must be faced. If you go on protecting like this, and if for that you look to organised commercial and industrial interests in this country, and in this manner—I do not go into the detailed implications as this is not the occasion for that—but if you do it like that, you do not know that either knowingly or unknowingly the Government are a party in killing all our industries and all our real wealth in this country. Interested parties take advantage of all the protection and they use it only for their own benefit to the detriment of the real industrial interests of this vast land of India. I can show you particular examples

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member can discuss these things now.

Pandit Nilakantha Das: I know this is not the occasion for it (Laughter). but I could not get an opportunity during the discussion of the budget. But, so far as it is relevant

Mr. President (The Honourable Sir Abdur Rahim): No, it is not relevant at all.

Pandit Nilakantha Das: When we are going to cut down direct taxes, I shall speak this much, that I know, in the management of their sales of industrial products, combines and many other like devices, they are not only pocketing all the money out of which they pay nothing to the State coffers, but they are out to kill the very industries of this country, the cottage and small industries which were the mainstay of India's economic structure from time immemorial. I should like the Finance Member to realise this fact and that it is time for him to cry halt to this unholy alliance with the organised commercial quarters. He should never think of reducing direct taxes, but rather to devise ways and means for putting more and more of direct taxes and take at least some amount from the pockets of people who are making large profits and in this way to give relief to the poor villager in this country. On this occasion I cannot say anything more and I move this amendment, though I know its fate.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in sub-clause (2) of clause 4 of the Bill, for the word 'one-twelfth' the word 'one-sixth' be substituted."

The Honourable Sir James Grigg: Sir, with much of what my Honourable and, if I call him so, Cassandra-like friend, said, I am in agreement; but with a great deal of what he has said I am in profound disagreement. However, after the broad hint from you, Sir, that a great deal of what he said was not relevant to this amendment, I think I might very well ask him if I may be allowed to make the same reply to an amendment, which deals with the question of not reducing the surcharge on super-tax, as I made in dealing with a similar amendment on income-tax, and ask the House not to agree with the Honourable Member on this occasion.

Mr. Sami Vencatachelam Chetty (Madras: Indian Commerce): Mr. President, I should like to say a few words in answer to my friend, Pandit Nilakantha Das. I am sorry that he has introduced unnecessarily irrelevant topics in the consideration of this proposition, which are calculated to be mutually destructive in our arguments. It is a pity that he should be objecting to the very tardy recognition of the necessity for removing the various surcharges which were introduced as a measure of emergency taxation on the ground that the agriculturist is taxed very heavily. Sir, whenever the plea for the reduction of taxation of agriculturists was brought in, he has always received more than necessary support from those who are not hit by this kind of taxation. At no time did we fail to sympathise with the condition of the agriculturists and to emphasise the necessity for reducing the taxation on agriculturists. As a matter of fact, Sir, but for the provision the Honourable the Finance Member has made for Bihar and Orissa, it would perhaps have been possible to remove even the balance of surcharge. I do not, however, propose to oppose the grant for Bihar and Orissa, because we recognise that the provinces which have

got to be started should receive these grants, but they can only be paid by mutually helping each other and not by indulging in destructive arguments of the kind my Honourable friend has chosen to put forward today.

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

"That in sub-clause (2) of clause 4 of the Bill, for the word 'one-twelfth' the word 'one-sixth' be substituted."

The motion was negatived.

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

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

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

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): As regards the Preamble, that has to be amended, isn't it? The words "fix the duty for British India" have perhaps got to be taken out. Somebody has an amendment.

Mr. A. H. Lloyd: May I submit, Sir, that the particular amendment did fix the duty on salt and then remitted it. So it is in order.

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

"That the Title and the Preamble stand part of the Bill."

The motion was adopted.

The Title and the Preamble were added to the Bill.

The Honourable Sir James Grigg: Sir, I do not move the motion which stands in my name to proceed further with the Bill today.

Mr. S. Satyamurti: Why not? May I know why he is not moving?

Mr. President (The Honourable Sir Abdur Rahim): Then we come to Demands for Supplementary Grants for 1935-36.

DEMANDS FOR SUPPLEMENTARY GRANTS.

TRANSFER TO FUND FOR SIND AND ORISSA BUILDINGS.

The Honourable Sir James Grigg (Finance Member): Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 45,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Transfer to Fund for Sind and Orissa Buildings'."

Mr. President (The Honourable Sir Abdur Rahim): There are some amendments, and one is in the name of Mr. Ayyangar.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): I don't move it.

Inadequate Funds for Railways in Orissa.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 45,00,000 in respect of 'Transfer to Fund for Sind and Orissa Buildings' be reduced by Rs. 100."

Mr. President (The Honourable Sir Abdur Rahim): What is the object of that?

Mr. B. Das: My point is that this sum is quite inadequate for buildings in Orissa.

Mr. President (The Honourable Sir Abdur Rahim): You want more?

Mr. B. Das: Yes, Sir. I would not be so ungrateful as to take away Rs. 100 from the 27½ lakhs which the Finance Member has kindly set apart in his budget for Orissa Capital buildings . . .

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): You will lose what you have got.

Mr. B. Das: I will gain more. If you will only have a little patience to hear what I say, my friend will see that I will gain more.

In the course of his budget speech, the Honourable the Finance Member mentioned in paragraph 55 that "We propose to limit our liabilities strictly to Rs. 45 lakhs, and, out of this 45 lakhs. 17½ to Sind and 27½ lakhs to Orissa",—the word "strictly" has set me atinking, since he made his remarks. How would the Finance Member confine his budgetary statement in respect of Orissa Buildings to 27½ lakhs? Here I have a statement to show that when the province of Bihar and Orissa jointly came into existence in 1912, the Government of India gave them for building purposes Rs. 152 lakhs, and the Government of Bihar and Orissa spent four crores of rupees on their buildings on provincial account in that part of the province which is known as Bihar and Chota Nagpur. If they had spent a little more money in Orissa then, they would have made the land of Orissa today, instead of a place of huts and famines, a land of beautiful buildings and palaces, but as Orissa would have 25 per cent. of the amount of money that the Bihar Government spent on Bihar and Chota Nagpur, the Government of Bihar and Orissa ought to

have spent a crore of rupees in Orissa in public buildings, but, as far as I can visualise the position, they have spent nearly 20 lakhs throughout the whole of Orissa for building purposes during those years. The Finance Member recognises that it is an obligatory duty of the Central Government to provide buildings to give a start to all the provinces when they come into existence. He himself mentions that the Frontier Province received as a present all the buildings that the Government of India possessed, and my friend, Dr. Banerjea, who was a little bit excited a few minutes ago, will recognise that it was a rueful day when the Government of India decided to transfer the Capital from Calcutta to Delhi. And, Sir, what happened? Your own province got buildings worth crores and crores of rupees from the Government of India . . .

Dr. P. N. Banerjea: It was very wrong on the part of the Government of India to have removed their capital from Calcutta to Delhi.

Mr. B. Das: My friends from Bengal have profited thereby, because they have got so many buildings from the Central Government. The Audit Department will soon appoint a Controller of Accounts in Orissa. Has my Honourable friend included within this Rs. 27½ lakhs a building for the Controller of Accounts? No. I know it is not included.

The Honourable Sir James Grigg: Who told you?

Mr. B. Das: The estimates that were prepared by the Orissa Committee did not include this. In the Sind province, there is Karachi, a beautiful city with beautiful buildings. Those of us who have gone to Karachi have seen the magnificent buildings there, not only belonging to the Government of India, but belonging to the Government of Bombay, and all these are handed over to the Government of Sind. But fate has gone against Orissa. From the Government of Madras we have got 18,000 square miles of land but it has no official building. The Orissa Administration is going to have one district headquarters at Koraput and two sub-divisional headquarters, and at present they do not know whether they will have these offices—in tents or in huts. I would, therefore, earnestly urge on the Honourable the Finance Member to revise his estimates and to give, not what I demand, but what the Government of Bihar and Orissa have demanded on behalf of the Orissa Administration. As far as I know, the Orissa Administration has demanded nearly Rs. 20 lakhs for the district headquarters and the two sub-divisional headquarters. There is a certain school of administration in Orissa who do not want that the Capital of Orissa should be located at Cuttack. They do not know what travails the Government of India went through when they located their Capital at Delhi. The estimate of Rs. 4 crores went up to Rs. 23 crores. There are some mad schemers in Orissa who want the Capital of Orissa to be built in some no-man's land, and they will build their towns, gardens, hospitals, even clerks' quarters and chaprasis' quarters. God forbid that that will come to pass, because that will be the same sort of gamble as the predecessor of the Honourable the Finance Member did in 1912 when the Government of India was located in Delhi, and the estimate of Rs. 4 crores went up to Rs. 23 crores. I do not want that the Government of India should give me a larger sum of money than the Rs. 27½ lakhs they have estimated for the building portion of the capital town, but that does not contemplate the buildings that are required to complete the administrative units in the district and sub-divisions of the district. That, according to my own estimate, requires at least Rs. 20 lakhs, and I do honestly urge that that sum of money may

[Mr. B. Das.]

be given. I may remind the Honourable the Finance Member, and he himself has told us that, in spite of giving the Frontier Province a present of those huge buildings belonging to the Government of India, they had to give Rs. 3 lakhs in addition. I submit that Orissa must be brought up to the status of the Frontier Province or the Province of Sind, or the status of Bihar as it was between 1912 and 1920. While other people in Orissa have estimated a demand from the Centre of crores of rupees for buildings, I am not so sanguine as to demand a large sum of money, but I do want that the Government of India should give sufficient money for Orissa, so that these buildings may be constructed at the cost of the Government of India, and not from the paltry revenue of the province of Orissa. I am not going to talk here of additional subvention, as I have got a special cut under another demand, but my Honourable friend knows that the revenues of Orissa do not permit the Orissa Government to gamble away from the small resources of the province in extravagant expenditure on public works. Therefore, the initial cost of the buildings should be met by the Government of India.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 45,00,000 in respect of 'Transfer to Fund for Sind and Orissa Buildings' be reduced by Rs. 100."

Mr. M. S. Aney (Berar Representative): I fully sympathise with my Honourable friend, Mr. B. Das, in his earnestness and desire to get more money for his province, which is a new province. The difficulties which he has pointed out are that the grant that is made here will not be sufficient or adequate to meet the expenditure which the Provincial Government will have to incur for raising buildings, particularly for the district headquarters and so on. As the Government of India has helped the Orissa people in having a new province, it becomes somewhat obligatory upon them to give them some assistance in making it a decent province also. From that point of view, nobody will object to the demand that is being made by Mr. B. Das in the interests of his province. But I want to make a suggestion for his consideration and for the consideration of other Members also. One of our standing complaints against this Government is that it is unnecessarily extravagant in spending money on brick and mortar. Palatial buildings for offices and Secretariats have been a fetish with them and we have been criticising them for that. I believe that our friends in Orissa may legitimately desire to have a decent capital and a decent district headquarters also, but they should disabuse their minds altogether of having palatial buildings in their headquarters and capital towns. They must set a lesson of spending modestly on public works and showing better work by having buildings of smaller dimensions and of a less costly nature.

Mr. B. Das: That is all I want.

Mr. M. S. Aney: I have not got the estimates before me, and I cannot say whether the particular amount that is wanted here will be sufficient or not. But I want them to keep this ideal in their minds and not to go in for imitation of extravagant expenditure on Capitals which the British Government has been building here and elsewhere also. It was only for the purpose of giving that warning that I really got up, otherwise, I sympathise with the demand for more grant to Orissa if found absolutely necessary.

The Honourable Sir James Grigg: It is with a sense of deep disappointment that I reply to the Honourable Member's cut motion. I am one who has attracted to himself a good deal of controversy and a good deal of attack in this House, and now I thought that at last I had done something which would win me a certain measure of gratitude from, at any rate, four or five Members of this House. But what is the position? Out of the five Members from Sind, four are absent, and of the two Members from Orissa, both have put down cut motions. Well, Sir, if it would be any pleasure to the Members from Orissa, let me say at once that, if the House should agree with them in this cut motion, I am quite prepared, in this matter, at any rate, to accept their view. (Laughter.) But, of course, they do not want that at all. Here is the position. This amount is what the Government of India are prepared to give to Orissa in respect of their Government buildings. If they need more Government buildings, that, presumably, is a matter which will have been placed before Sir Otto Niemeyer by those who are entitled to speak on behalf of Orissa, and I think that anything above the Rs. 27½ lakhs which the Government of India are prepared to allot to Orissa must be provided by Sir Otto Niemeyer. I gather that the Honourable Member proposes to raise in connection with the next grant the question regarding the recurring subvention to Orissa. I am not sure whether it is relevant there, but, apart from that, that also is a matter which is *sub judice*. The Honourable Member has submitted a considerable document to Sir Otto Niemeyer, I know, and he really ought to have enough confidence in the strength of his case and leave it at that. As I said just now, if the House wishes to have his cut in this grant, I shall certainly be prepared to accept it on condition that the cut is debited solely to Orissa.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): I am very happy to learn that the Honourable the Finance Member expects thanks from Members from Orissa.

The Honourable Sir James Grigg: I did not expect them. I was disappointed not to get them.

Pandit Nilakantha Das: We are ready to thank him whole-heartedly in this matter, for a separate province has been a life and death problem with Orissa. We have been fighting for it for the last 30 years or more. I do not know the plans and estimates of the buildings or anything else about it. This I must confess; and also that we have not got a public body like a Provincial Legislature in Orissa which has examined it. I hope all these details will be examined and discussed and the public of Orissa will have some hand in framing this estimate with which the Government of India will agree as far as practicable. But, here, in this connection, I want to make two or three points clear, which I expect my Honourable friends may remember. Perhaps with the word "subvention" is associated some idea which is not *prima facie* palatable either to the giver or to the receiver. But I may remind the House that Orissa was a full-fledged empire some three hundred years ago. It was the last to lose its independence only in the latter part of the 16th century. It had oversea colonies, trade and spheres of influence and it has got the glorious remains of monumental works of art, architecture and engineering and buildings, which evoke admiration from even foreigners. We were

[Pandit Nilakantha Das.]

not poor as we have been made to be in neglect. During the English rule, we have been divided and put in slices in several provinces—at the tail end of each province—and have, in the past, contributed for Universities, High Courts, training and technical institutions and Provincial Government buildings like Council Houses and Secretariates in all those provinces. If we look at Orissa today, we see nothing. Our land system rotten in imitation, our irrigation neglected, our education languishing, and we have no money.

We pay all taxes for the protection and promotion of industry, but we have no industry. Even in Bihar, there are sugar factories, in Bengal there are coal mines and iron factories. In Madras, there is the textile industry. What is there in Orissa? We pay without return—without any expectation of it. We are a purely consuming Province. I calculated on another occasion that each consumer in India pays Rs. 4 now to the State and to the Industries. Thus, including the Orissa Native States, we, 120 lakhs of Oriya people, are paying Rs. 4 per head—in all about 4 crores and 80 lakhs of money. Half of this money is coming to the State Exchequer.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): What about Tatanagar?

Pandit Nilakantha Das: It is not in Orissa unfortunately. We claim it still. But what I was saying is that I want the House and the Government to remember this in connection with grants or subventions to Orissa. We pay two crores and 40 lakhs to the Central Government in tax and an equal amount to Industries outside Orissa for protection. Will the Government of India give us anything more, though it should, in justice, perhaps for some years at least, give nothing less? Hence when a grant is made to Orissa let not people be carried away with the idea that we are getting all this for nothing.

I need not say more on this point today. There is another point which I want to mention. There is one district headquarters which is going to be built at Koraput in the partially excluded area of Jaipur. I am afraid the decision is going to be that this district will include the little area of 200 square miles, *i.e.*, Parlakimedi, a normally administered area, which has no affinity and no convenience of communication with other areas of Koraput district. We have received—Mr. B. Das and myself have received more than a dozen representations from various meetings, associations and individuals from this little area of 200 square miles, protesting against its inclusion in the contemplated Koraput district. They all enjoin us to press the Government to see that this normally administered area, which was so long with Ganjam and whose headquarters are now Berhampore and Chatrapur, should not go to Koraput. I personally know that this will be a very bad arrangement. People there are greatly perturbed and practically upset at this proposal, and they have also pressed this question directly in telegrams and letters, I understand, on the Government for their consideration. In this connection, I press their claim, with all the emphasis that I command, so that they may remain in the normally administered area of Ganjam, and not be included in Koraput and thus singled out to be linked to the partially excluded area of Jaipur.

Mr. M. Ananthasayanam Ayyangar: I support this cut motion but with a qualification. I come from a presidency where, unfortunately, the Government and ourselves have not been able to find anything to complain. The Local Government of Madras has always been showing a surplus budget. We, in the mufassil, know how that surplus is arrived at, how the poor man is made poorer still but it appears that this is the day for those who complain. They get all the success and all the money. If our friends from Orissa want money, I have no objection to their having a loan of 47 lakhs or 47 crores if necessary. Let the whole money be spent on buildings and buildings alone. We are splitting this country into hundred different pieces, each piece trying to wag the head, tail and the body of the other pieces. We know how these new Provinces came into being. I am not going into ancient history. Again and again, I have heard my Honourable friend, Pandit Nilakantha Das, say that the poor people are taxed, in the matter of kerosene and other necessities but what right has my Honourable friend and his friends to come and ask that the general taxpayer from Cape Camorin, Eastern Bengal and the North-West Frontier Province must join to contribute to build up this Orissa Province. (Interruption by Pandit Nilakantha Das.)

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Members should settle their disputes outside.

Mr. M. Ananthasayanam Ayyangar: I shall presently come to that

Pandit Nilakantha Das: I do not want from anybody else.

Mr. M. Ananthasayanam Ayyangar: All that I am stating is that all of us may join together and grant a huge loan both to Orissa and Sind.

Mr. B. Das: Accepted.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): At what rate of interest?

Mr. M. Ananthasayanam Ayyangar: At any rate of interest that prevails, say 3 or 3½ per cent. Sir, I would say that already the central revenues are heavily taxed. The North-West Frontier Province in one corner takes away a crore, Sind takes away Rs. 1 crore 8 lakhs. The Sukkur Barrage is not, we are told, a barrage but a sink, it is not going to give us a pie. Some paper that was distributed showed that Sind and Orissa furnish an appalling story although we were assured by the Honourable Member who comes from Sind city that the Sukkur Barrage will certainly yield a profit.

Mr President (The Honourable Sir Abdur Rahim): The Honourable Member need not go into that.

Mr. M. Ananthasayanam Ayyangar: All I would say, both with respect to Sind and Orissa, is that, even as they are, without the separation charges, on the basic value of the original expenditure, they are not able to support themselves. What I find is that if the provinces are cut away into two separate portions of Sind and Orissa and the existing

[Mr. M. Ananthasayanam Ayyangar.]

establishments are maintained, even then there is a deficit, and well, with respect to Orissa, we find a yearly charge, owing to separation, of 19·1 lakhs. Even before separation, there is a deficit of 20 lakhs in revenue. Similarly is the situation with respect to Sind. Thus, not a pie even from the ordinary revenues of Sind or Orissa has been used for buildings, towers or turrets either in Madras or elsewhere. Already they are deficit Provinces. They go on asking for more and more, so that the general tax-payer may be taxed more heavily. All this is surely very sorry business; and it requires too much courage on the part of my friend to ask for such a contribution. I would say let there be a loan for such purposes and nothing more.

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

"That the demand for a supplementary grant of a sum not exceeding Rs. 45,00,000 in respect of 'Transfer to Fund for Sind and Orissa Buildings' be reduced by Rs. 100."

The motion was negatived.

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

"That a supplementary sum not exceeding Rs. 45,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Transfer to Fund for Sind and Orissa Buildings'."

The motion was adopted.

TRANSFER TO THE REVENUE RESERVE FUND.

The Honourable Sir James Grigg: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 1,97,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Transfer to the Revenue Reserve Fund'."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 1,97,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Transfer to the Revenue Reserve Fund'."

Refusal of Supplies.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Sir, I should like to move my amendment concerning the refusal of supplies.

Mr. President (The Honourable Sir Abdur Rahim): That is not in order?

Mr. S. Satyamurti: I submit, Sir,—and I have read your ruling of last year,—that this is a new service. The Revenue Reserve Fund is for the first time being created by the Government, and you have ruled, Sir, that when a new service is brought about by means of a supplementary demand, we can raise this question of policy.

Mr. President (The Honourable Sir Abdur Rahim): The Chair finds there is a ruling here by Sir Ibrahim Rahimtoola that seems to be against the Honourable Member; viz.:

"The Member should deal with the motion on financial grounds and should not concentrate on making out a grievance."

—(Pp. 1228-30 of Rulings, 29th September, 1931, Part II.)

Mr. S. Satyamurti: I have not got that ruling with me, but I do not suppose, Sir, it refers to a "new service"; that is the distinction I seek to make. There was a long argument last year, and I took all these points and the Finance Member accepted the view that when he asked for a demand for a new service, we can raise the entire question of policy.

Mr. President (The Honourable Sir Abdur Rahim): Is it a new service, or not?

Mr. K. Sanjiva Row (Government of India: Nominated Official): The demand is for a new service, but even in the case of a new service it does not mean that, as in the case of an ordinary demand for a grant, an Honourable Member can raise questions of policy. We admit, Sir, that this is a new service, but in respect of a supplementary demand for a new service, I submit the discussion should be confined to that particular service, and one cannot refuse supplies on the ground of general grievances.

Mr. S. Satyamurti: I do not think one raises any question of general grievances, except the creation of this fund, and the policy behind the creation of this fund.

Mr. K. Sanjiva Row: That they can certainly discuss, Sir.

Mr. S. Satyamurti: Sir, just one word about an incident that happened here this morning. My Honourable friend, Mr. Sri Prakasa, got up, and expressed the support of our Party to the European Group's cut motion on the Finance Bill. Now, owing to later developments, we changed our attitude. I merely want to explain that he had full authority to state what he did state, and it was a last minute change, and I only want to make that perfectly clear.

Sir, I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 1,97,00,000 in respect of 'Transfer to the Revenue Reserve Fund' be reduced to Re. 1."

Sir, this is dealt with in this blue book at page 2, and it merely says:

"This is in accordance with the proposal explained in paragraph 36 of the Speech by the Honourable the Finance Member on introducing the Budget Proposals for 1936-37."

Sir, I want to make one preliminary observation. The habit of creating Funds and getting block grants put into those Funds is becoming a little too fashionable with the present Finance Member. Thus, we have already a Road Development Fund, a Broadcasting Fund, a Rural Development Fund, a Civil Aviation Fund, I think, and we are now

[Mr. S. Satyamurti.]

having this Revenue Reserve Fund. Last year, Sir, I took a number of points, but you, Sir, while holding them to be in order, gave a broad hint that it is for the House to consider whether it can support this practice of putting large sums into funds in this way, and thus practically voting what are called block grants, and I also want to draw a distinction between this Fund and other Funds. The Road Development Fund is, after all, administered ultimately by the Local Governments, and, in the first instance, after consideration and decision by a Committee of the whole House.

The Honourable Sir James Grigg: Sir, I do not know whether my intervention now is unnecessary or untimely. If so, I shall apologise afterwards, but I think the Honourable Member is rather, in this instance, flogging a dead horse. As regards this Fund, there is no question of taking any items of expenditure away from the purview of the House. They will be provided for by demands for grants in the ordinary way, and the only method of operating the Fund will be to appropriate from it in aid of revenue. The House does not part with one iota of its control over expenditure

Mr. S. Satyamurti: I am thankful for the interruption; I think it makes the point different from the point governing other Funds.

The Honourable Sir James Grigg: It is quite different.

Mr. S. Satyamurti: I will, therefore, not pursue the point, but will go on to the next point. Now, let me take paragraph 36 of the Honourable the Finance Member's speech. It contains the reasons for the creation of this fund. I think, Sir, we must begin a few lines above that, and I want the attention of Honourable Members who are interested in this to be turned to the speech of the Honourable the Finance Member on page 15 (paragraph 35) where he says:

"After this grant there will remain available from 1935-36 a sum of Rs. 1.97 lakhs and before I can deal with this, we must not only look at the position as it is likely to be in 1936-37 but we must also cast forward and attempt to make some estimate of the position we shall be faced with in 1937-38 and the immediately succeeding years."

Then, para. 36 begins:

"We now expect to have a non-recurring balance of Rs. 1.97 lakhs available from 1935-36," *that is the current year*, "and an estimated surplus of Rs. 2.05 lakhs available in 1936-37. What does this imply for 1937-38 which we are assuming to be the first year of Provincial Autonomy. If all goes well, we may perhaps count upon certain reductions in interest charges and improvements of revenue which will produce what in Government of India parlance is known as a betterment of some Rs. 2½ crores over the figures for 1936-37."

So that, Sir, taking these various surpluses, - it comes really to more than six crores. On the other hand, having made this calculation on the credit side, the Honourable the Finance Member goes on to the debit side:

"On the other hand, the separation of Burma will cost us Rs. 2½ crores in that year while it would not be safe to assume a figure of less than Rs. 2 crores as the cost of the initial adjustments which will emerge from Sir Otto Niemeyer's enquiry, that is, on the existing basis of taxation we can expect in 1937-38 at best a bare balance."

Now, Sir, this morning my Honourable friend said that he knew nothing about the proposals which Sir Otto Niemeyer was going to make. I should like to know, as a matter of intellectual curiosity, how he arrived at the figure of two crores, which he says it would not be unsafe to assume as the figure which will represent the cost of the initial adjustments, which will have to be made as a result of that enquiry:

"If this conclusion is right "

—that is to say, if in 1937-38 we can expect at best a bare balance,—

"then it looks at first sight as if it would be unjustifiable to reduce taxation at all this year and of course it is always much more satisfactory to play for safety in financial affairs. I know, however, what feeling was aroused in commercial quarters by the postponement of their claim for a reduction of the emergency taxation in favour of the restoration of the pay cut and it behoves me, therefore, to look a little more closely into the possibilities. For this purpose it is necessary to look also at the year 1938-39."

I pause here, Sir, to invite the attention of the House to the fact, that by this vote, we are really asked to budget partially at least for 1938-39. It seems to be somewhat a strain on our powers to forecast the future, that we should be asked here and now to sit down and visualise for ourselves, on the testimony of the Honourable the Finance Member, what the financial position of the Federation and of the Provinces is going to be in 1938-39:

"There ought in that year to be no major alterations of expenditure."

May I ask, how does he know? Will he be here then?

The Honourable Sir James Grigg: I said "ought".

Mr. S. Satyamurti: What is the meaning of "ought not to be"? You expect there will not be

The Honourable Sir James Grigg: There ought not to be.

Mr. S. Satyamurti: My Honourable friend is an Englishman, and I wish he consults some good Dictionary. "There ought not to be", in that sentence, means "I do not expect there will be in that year".

The Honourable Sir James Grigg: There is no justification for.

Mr. S. Satyamurti: Then, why did he not say so? Why did he not say, "There is no justification to have any major alterations of expenditure".

The Honourable Sir James Grigg: I maintain I said the same thing in much fewer words.

Mr. S. Satyamurti: How is he to judge what the Finance Member in 1938-39 is going to do? Is the Honourable Member going to be here then—I do not know his term of office? Will he then, in 1938-39, say that there ought to be in that year no major alteration of expenditure? Well, Sir, that is first of all his own opinion. Then he goes on:

"While we may hope that if our affairs continue to go well, there may be a further expansion of some Rs. 2 crores in revenue receipts."

[Mr. S. Satyamurti.] |

You here see, Sir, a series of hypotheses. If we put any hypothetical question, the Government will not answer that, because it is a hypothetical question. If it comes to our vote, then a dozen hypotheses are laid down:

"If this calculation is justified,"

—another hypothesis,—

"then it would perhaps be legitimate,"

—you here see, Sir, there is subtlety on subtlety—

"to reduce taxation in 1936-37 by something like two crores if we can find a non-recurring balance of about the same amount to fill up the consequent deficit in 1937-38."

I accept this is jugglery with figures, but I do suggest, to ask the House in voting for the budget of 1936-37, to make a series of calculations and provide for contingencies which may or may not happen for the year 1938-39 ultimately is asking too much of this House. He goes on:

"Here then is the significance of the Rs. 1.97 lakhs remaining over from 1935-36. I propose to ask the House to transfer this balance to a Revenue Reserve Fund available to help out the finances of the first year of Provincial Autonomy and in this way I can, with a fairly clear conscience propose remissions of taxation in 1936-37 so long as they do not alienate revenue to a greater extent than about two crores a year."

I am asking my Honourable friend for some elucidation of the phrase "Revenue Reserve Fund". What does it mean? Does it mean whether this is a fund to meet possible deficits in expenditure, or does it mean a fund for the purpose of reducing taxation, or a fund for the purpose of preventing increase of taxation? What does it mean? Does it mean again a fund which will go to the relief of Federal taxation or Provincial taxation, or will it be divided between Federation and the Provinces, and if so, in what proportion? What is this fund for? I should like some definition. What is the revenue reserve fund for? I just put down some questions, and I am sure abler Members of this House will be able to put more questions as to what exactly the scope of this revenue reserve fund is. The Honourable Member says, this fund will be available to help out the finances of the first year of Provincial Autonomy. Whose finances? The Federation or the Provinces? In what proportion? Then, he says, that on this basis he can give remission of taxation only to the extent to which they do not alienate the revenue to a greater extent than about two crores of rupees a year. I submit that the House ought not to vote for this revenue reserve fund. I am not now talking politics. I am not concerned now with the Government of India Act, 1935. It is not before us, but I do ask the Honourable the Finance Member seriously one question, a question asked by the *Madras Mail*, a paper with which my Honourable friend over there, Mr. James, is familiar, a paper which is not an enemy of the Government, it is one of the friendly Press

Mr. F. E. James (Madras: European): Not our paper.

Mr. S. Satyamurti: When did you become the Government of India?

The Honourable Sir James Grigg: It dissembles its friendliness pretty well.

Mr. S. Satyamurti: It asked this question. "Who appointed Sir James Grigg as Deputy Providence to Provincial Autonomy?"

4 P.M. He is the Finance Member of the Government of India, and why should he bother his head about providing three years' needs from out of the revenue reserves in order to help out Provincial Autonomy? Today, the House has accepted some amendments to the Finance Bill. Of course, the third reading of the Finance Bill my Honourable friend would not move although it had been down on the agenda, even after the salt tax amendment had been carried, that the "Honourable Sir James Grigg will move that the Bill be passed"; yet he did not move it and when I asked him why, he would not give any reasons. Apart from the salt tax abolition which amounts to about eight crores, this House has carried some more amendments to the Finance Bill for reducing the postcards to two pice and certain other concessions, but all these concessions will not come to anything more than one crore. May I ask why this money should not be used to cover the deficit in the next year's revenue by accepting these amendments to the Finance Bill? Why should it not be done? Why should it be taken apart, and set aside as a revenue reserve fund? There is undoubtedly a demand from all sections of the community in the country for some relief or other of taxation. You have denied all that relief, at least partially in some cases. Having done that, you get a surplus of two crores which you will not spend in relief of taxation next year, but will keep up this taxation except to the extent to which you have reduced it by the surcharges of income-tax, one-third this year. You want to keep it for financing out Provincial Autonomy. It seems to me that it is not right and this House ought not to support it. And, if this vote goes against Government, it simply means, according to the orthodox finance expounded by the Finance Member, that this money will go to what is called the reduction or avoidance of debt. To that extent, it will result in a betterment next year of about 2 crores. If you put two crores more for the reduction and avoidance of debt this year than you would consider proper, it is perfectly possible for you next year to reduce it *pro tanto*. If in two years you want to put in 6 crores and this year you put in 5 crores, next year you may put in only 1 crore. Five and one are six, just as three and three are also six.

One last word and I have done. My Honourable friend, the Finance Member, towards the end of that speech, said:

"If I have erred, I think it is in departing too much from the strict canons of financial orthodoxy which I put forward last year, *viz.*, that non-recurrent resources should not be devoted to recurrent demands."

Is he quite sure that these two crores, which he puts in the Revenue Reserve Fund for 1937-38, may not be a recurrent demand? Is it financial orthodoxy to earmark this for a possibly recurrent demand?

"The only justification for this departure is the fact that India's economic and political barometers are both rising. If they continue to rise, all may be well. If they do not, the risk will be proved unjustified. And perhaps I may end by saying that the economic barometer cannot rise if the political barometer falls and that the political barometer must fall if the political thermometer rises."

It is rising; it will rise still further if the Finance Member will accept no amendment to the Finance Bill from any side. And so, he will have his pound of flesh and will not accept anything else. It is because I feel that the realisation of these two crores will help the Finance Member to

[Mr. S. Satyamurti.]

accept some amendments to the Finance Bill and will give much needed relief to the taxpayer of one kind or another, that I ask all sections of this House to vote with me on this cut motion of mine on the principle that Government have no right to keep up emergency taxation, and to build up a surplus for a revenue reserve fund to come two years later, on insufficient and no reliable data.

Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 1,97,00,000 in respect of 'Transfer to the Revenue Reserve Fund' be reduced to Re. 1."

Dr. P. N. Banerjee: Sir, I am sorry, I am unable to agree with my Honourable friend, Mr. Satyamurti, on this question. We have always blamed Government for their lack of foresight, and now that they come forward and begin to show some little foresight, we should not take any exception to it. I think the needs of the provinces are very great at the present moment. Many of the provinces are showing budget deficits, and when Provincial Autonomy is introduced, the first few years will be years of very great trial for them. It is, therefore, necessary that funds should be provided to the Provincial Governments during the first few years of their existence. The provinces are in charge of the nation-building departments,—sanitation, public health, education, industrial development, and agricultural improvement. If they are not able to make any headway with these departments, Provincial Autonomy is sure to fail. Sir, I wish that the Finance Member had been able to put a larger sum of money into this Revenue Reserve Fund; but small as it is, it will go at least some way towards solving the problem of provincial finance. It will help the deficit provinces to make their two ends meet, and it will also give those provinces which are not in deficit something with which to develop the nation-building departments under their control.

On these grounds, I oppose the amendment.

Sir Oowasji Jehangir: Sir, my Honourable friend, Mr. Satyamurti, referred to some of the points I raised in the very first discussion on the budget when I took exception to the Finance Member of the Government of India making forecasts of our revenues some years ahead of their betterment and upon the demands that may be made upon the Government of India in the future from more than one direction. I most respectfully pointed out that it was not a very safe thing to do and those forecasts will more likely than not be upset. And I did point out then that the surplus of the current year was being kept in reserve for a likely deficit, not in the next year, but in the year to come, and I thought that that was rather exceptional. Sir, if this amount is to be taken to a fund I would rather that the fund was called "relief of taxation fund", for, after all, although it is a non-recurrent surplus it did come out of the pockets of the taxpayers and should it not be returned to the pockets of the taxpayers in one form or another? Now, Sir, I do not agree with Mr. Satyamurti when he says that it is not the business of the Finance Member to try and provide for relief to the provinces. It is surely his business; it is the business of every one of us in this House who represent the provinces to see that the Government of India is in a position to give

greater and greater relief to the provinces. Why, ever since 1921, we have been engaged in the task of urging the Government of India to give relief to the provinces. Why did we contest the Meston settlement? Why did Bengal contest the Meston settlement? Why did Madras contest the Meston settlement? Because, we felt that we were victims of that settlement. The Government of India took more than their due, but we, in the provinces, did not get our due, and Sir Otto Niemeyer is now looking into that question. But I do object to any attempt to anticipate Sir Otto Niemeyer's report and to put down two crores of money for the year after next as a contribution from the Government of India to the provinces. I consider it may be too little; it is possible that the Honourable the Finance Member may not be able to satisfy the provinces with only two crores.

The Honourable Sir James Grigg: Very likely.

Sir Cowasji Jehangir: Then why put down these two crores in the Finance Member's budget speech? Why try and anticipate? We do not know what Sir Otto Niemeyer is going to report, we do not know how much money he will say you shall put down for the provinces and hand over to the provinces. You take two crores of money, which is surplus, from the current year and you put it aside to pay for a supposed deficit. I object to moneys raised from emergency taxation being set aside to pay supposed deficits of the future. It is a principle I object to, a principle which I challenged in my first speech on this budget, which raised the wrath of my Honourable friend, the Finance Member. I think it is wrong budgeting. We have paid this money into your coffers by emergency taxation and the Government of India have no business to make guesses into the future and put it aside in order to pay deficits that are to come. If the deficit was in the next year, I can understand his taking it and saying that he would put it in the next year's budget. He starts on two suppositions, first, that Burma is going to cost us so much for separation, and second, that Sir Otto Niemeyer is going to cost us two crores. On that basis I refuse to allow anything to go into a Reserve Fund. I am not against a Reserve Fund—call it a Relief of Taxation Fund. If my Honourable friend will change the name into Relief of Taxation Fund, I am prepared to allow him to keep it. Keep it aside and give us relief next year out of this money, but do not put it aside with the deliberate object of using it for payments to provinces or on the ground that the separation of Burma is going to cost us Rs. 2½ crores. It is on principle that I argue. We have not succeeded in persuading the Government of India to return these two crores for relief of taxation immediately. We have pointed out other ways and means of paying for the cuts we have effected, leaving aside the cut on salt.

The Honourable Sir James Grigg: It is a bagatelle!

Sir Cowasji Jehangir: It is a bagatelle, because it is going to be certified. It is a big zero, the Honourable Member knows that the cut in the salt tax is a bagatelle. I do not mean to say that he should include the other cuts which were business cuts, real cuts. (Laughter.) We hope and expect him to carry those cuts into effect—the postcard and some reliefs costing Rs. 74,000 moved by one of my friends. Those were the only two really effective cuts. Therefore, Sir, we have pointed out ways

[Sir Cowasji Jehangir.]

and means. This amount is to be put aside for the relief of taxation because, as my Honourable friend, Mr. Satyamurti, pointed out, it came out of emergency taxation. We may then consider ways and means next year as to how the amount is to be returned to the pockets of the taxpayer. Will he change the name of the Fund into Relief of Taxation Fund? Perhaps we shall know where we stand, but to keep it aside for the purpose of paying for deficits or supposed deficits the year after next—not the next year—is not a principle I can agree to.

The Honourable Sir James Grigg: Sir, during the course of the speech of the Honourable Member who spoke last, I went through several transitions of thought. To start with, I did not think I understood what he was driving at, then I began to think I saw some rhyme or pattern in his oration, but at the end I am quite clear that I do not understand what he is driving at. Somewhere I seemed to see in Mr. Satyamurti's mind a similar confusion of thought, and I think he—if I may say so without offence—was a little less perspicacious than usual. He asked me a series of what struck me as rather rhetorical logic-chopping questions—as to whether this was a fund for extra expenditure or a fund for reduction of taxation or a fund for the avoidance of increased taxation. If you view the matter properly, those are all asking the same question in another form. It really is not a question of grant to the provincial budget or a relief of provincial taxation or a grant-in-aid for extra provincial expenditure, but simply a matter of central budgeting and of exercising some foresight as to the charges which have been placed upon it. Now, it is indubitably the case that Parliament has placed upon the Central Budget certain extra charges which are not exactly calculable, but of which it is necessary to make some estimate before you can conceive what the financial position in the immediately succeeding years is likely to be. The fact that one of those burdens placed upon the central budget by Parliament is grants to deficit provinces is irrelevant for this purpose. Another kind of burden is the extra cost to the central budget caused by the separation of Burma, and another the grants for the creation of new provinces. Here are these definite burdens which, though foreseeable, in fact are not foreseeable in exact amount and it would be the most grotesque folly not to attempt to make some appraisal of their amount. In the case of Burma, we now have something to go upon, and we have made a more or less reasonable estimate. In the case of Sir Otto Niemeyer's report, of course it is a guess. It is true that—again committing that horrible crime of exercising some foresight or forming some appraisal in my own mind or what I would recommend if I were in his position—I mention the figure of two crores of rupees. That seemed to be a terrible crime. The Honourable Baronet used an argument which I find pretty staggering. He said these two crores are not enough.

Sir Cowasji Jehangir: May not be enough.

The Honourable Sir James Grigg: The two crores that you have made provision for may not be enough, therefore do not make any provision at all! It is not a sound argument. But as I said in the budget speech—in spite of Mr. Satyamurti's little lecture on the English language—I maintain that I put the matter as clearly as I could in the budget speech—looking at the burdens which are likely to fall . . .

(Interruption from Sir Cowasji Jehangir.)

The Honourable Sir James Grigg: May I make my speech without audible comment from the Honourable Member?

Sir Cowasji Jehangir: I beg your pardon.

The Honourable Sir James Grigg: Looking at the burdens—and appraising them at such magnitude as I could—which are certain to fall upon the central budget in the next few years, I came to the conclusion that if I could help out one particular year with a non-recurring amount of two crores we could see our way through the early years of provincial autonomy without the necessity of imposing any new taxation or re-imposing any taxation which has been taken off. If the position is much better than it appeared to me according to my calculations, quite obviously there will be an extra margin for reduction of taxation or for increased grants to provinces or for some other purpose; and to that extent, whether you call it a revenue reserve fund or relief of taxation fund or an extra expenditure fund, or a provincial grants fund, it is all the same thing, and the rose really does smell quite as sweet by whatever name you call it.

I say that looking ahead as best as I can, I arrive at the conclusion that with a single non-recurring sum of Rs. 2 crores we can see our way through succeeding years without re-imposing any taxation which has been taken off, and almost certainly without the necessity of imposing any fresh taxation.

Then, Mr. Satyamurti—I did not quite follow one of his arguments, because I did not hear him very well and the two parts of it seemed to be mutually inconsistent—said: “Why should any one predict? Let this lapse to debt avoidance and get over the deficit in the following year by raiding the sinking fund”. Well, in actual financial fact, that is absolutely the same thing as we are now proposing: the only difference—and I maintain it is a considerable difference—that my method avoids a frontal raid on a sinking fund which is already too small. I do think that—and here I agree for once with the Honourable Member from Bombay in what he said in his speech the other day about the importance of preserving the credit of India in the face of the outside world—and I say that a frontal raid on the sinking fund even more than a hidden raid on it is a thing which should if possible be avoided; and I, therefore, prefer my own device of a revenue reserve fund to Mr. Satyamurti’s device of an increased sinking fund in one year followed by a raid on it in the following year. But I do not believe from what he went on to say that this was really his plan. What he really said was “This 2 crores ought to be taken to reduce taxation in this year”. Let us follow the result of that and see how much better off we are. Taxation will be reduced by an extra two crores this year by the use of this non-recurring two crores. There will then be a deficit of 4 crores next year, so that extra taxation to the extent of 4 crores will have to be reimposed next year, which means that taking the two years as a whole you are breaking even. The amount of taxation taken out of the country is approximately the same; but instead of being on an even keel, in one year you reduce taxation and next year you increase taxation by double the amount; and that is inescapable, given the premises. As I say, by exercising a little foresight, we can preserve an even keel and not have this jumping about which is bad for

[Sir James Grigg.]

everybody. In effect as far as I can understand their arguments, Mr. Satyamurti and Sir Cowasji Jehangir are at one in this matter. They were completely thrown over by the speaker on behalf of the Nationalist Party, and it is very agreeable to me to find myself in complete agreement with a member of the Nationalist Party. This argument appears to be this: do not let us exercise any foresight: who are you to imagine that you can make calculations ahead? You do what appears to be nearest your nose, and let some wiser providence—I hope I am not misquoting the Honourable Member opposite too much—let some wiser providence look after next year and the following years. That is all very well; but it is an invitation I do not propose to accept. The job of the Finance Member is to look ahead and to exercise some foresight; and that being so, I claim that the device that I presented for the judgment of the House is the best and safest means of doing that and the one most in the interests of Indian credit.

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

“That the demand for a supplementary grant of a sum not exceeding Rs. 1,97,00,000 in respect of ‘Transfer to the Revenue Reserve Fund’ be reduced to Re. 1.”

The motion was negatived.

Inadequate Subvention to Orissa.

Mr. B. Das: Sir, I beg to move:

“That the demand for a supplementary grant”

The Honourable Sir James Grigg: May I rise to a point of order? Is this in order on this demand? The subvention to Orissa is found from the budget for 1936-37. This is a disposal of the surplus of 1935-36, and there seems to me to be very incomplete connection between the two.

Mr. President (The Honourable Sir Abdur Rahim): The matter has already been discussed. The Chair does not think it is in order:

Mr. B. Das: Then may I speak on the general motion?

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not see how the Honourable Member can discuss any question of policy.

Mr. B. Das: I merely want a slice out of this Rs. 1,97 lakhs for this year for Orissa.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has looked into it: it is a Revenue Reserve Fund, and the Honourable Member cannot take anything out of it.

Mr. B. Das: I would merely draw the attention of the House that a part of this sum should have gone to Orissa and a lesser sum should have gone to the Revenue Reserve Fund.

Mr. President (The Honourable Sir Abdur Rahim): No; it is out of order. The question is:

"That a supplementary sum not exceeding Rs. 1,97,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Transfer to the Revenue Reserve Fund'."

The motion was adopted.

Baluchistan.

The Honourable Sir James Grigg: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 40,67,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Baluchistan'."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 40,67,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1936, in respect of 'Baluchistan'."

Does the Honourable Member, Mr. Satyamurti, want to move his amendment?

Mr. S. Satyamurti: Yes, Sir.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member wants to argue that this is much too large a sum?

Extravagance.

Mr. S. Satyamurti: Yes, that it has been extravagant expenditure. Sir, I beg to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 40,67,000 in respect of 'Baluchistan' be reduced by Rs. 100."

It is printed wrongly 'to' Rs. 100.

It is a token cut really. The reference to it is found in page 3 of this small book, in which the details are given; and I am raising it merely to get some information on the items of expenditure mentioned in these books. You will find on page 3 the details of the expenditure are given. This is required to meet a portion of the voted expenditure involved, during the current year, in consequence of the earthquake in Baluchistan. The details are as follows: I want particularly information on two or three items in that statement—hutting, tentage, water supply and lighting—Rs. 15,41,000. It is a staggering sum, and I should like to know really if, during the earthquake and for the temporary relief of sufferers, they had to spend Rs. 15,41,000, and if so, for how many months, for how many people, and at what rate were these huts constructed, tents bought and water supply and lighting arranged. Then, Sir, we have got another item, Rs. 10,14,000. I should like to have some details about it.

[Mr. S. Satyamurti.]

Then, Sir, under Rural reconstruction, there is an item of Rs. 1,50,000. I want to know if any villages have been reconstructed, and what are the items covered by this phrase 'Rural reconstruction'?

Then, under (m), contribution to the Viceroy's Earthquake Relief Fund, Rs. 10,00,000. We have some information as to how this portion of the contribution was spent, but we should like to have some more light thrown on it.

Then, Sir, you will see a 'Note' below, which says:

"The non-voted expenditure amounts to about Rs. 1,00,000 including Rs. 7,000 in England. The Standing Finance Committee has agreed, *vide* Proceedings of the Meeting of the Standing Finance Committee, Vol. XV, No. 2, pages 80-82, paragraph 4."

Now, if you will kindly turn to the Standing Finance Committee proceedings, Vol. XV, No. 2, you will find, Sir, this item is dealt with in some detail. On page 80 of the proceedings of the meeting of the Standing Finance Committee, Vol. XV, No. 2, dated 1st February 1936, it is stated:

"The attention of the members of the Standing Finance Committee is invited to paragraphs 1-5 of the memorandum (printed at pages 2-10 of the Proceedings of the Standing Finance Committee, Vol. XV, No. 1), regarding the special expenditure necessary in consequence of the earthquake in Baluchistan, that was presented for their information on the 21st September, 1935."

Pausing there, I invite your attention to this Volume No. XV, No. 1, in which this Note is given. That 'Note' is a long one, and I do not propose to detain the House by reading it *in extenso*; but there are just one or two matters on which I should like to have some information. Paragraph 3 says:

"To this, the Government of India made a grant from public revenues of Rs. 10 lakhs. Large expenditure on the immediate provision of food, shelter, clothes and medical comforts had to be incurred at once, against the Fund, at the discretion of the local authorities."

I should like to know, Sir, if any estimate has been made of this expenditure.

Then in para. 4, it is stated:

"there are certain items of expenditure in connection with relief, the incidence of cost of which as between the Fund and the Government revenues has not been finally decided, e.g., free passes by rail which were generously issued immediately after the disaster to enable refugees to proceed to other parts of India, where they had relatives who could temporarily support them, or where they had a prospect of employment. The Standing Finance Committee will be informed of the ultimate decision on such matters, should it involve directly or indirectly any expenditure from Government revenues in excess of the Rupees 10 lakhs the grant of which to the Fund is now brought to their notice."

In the next paragraph, the first sentence says:

"In regard to expenditure, directly chargeable to public revenues, accurate estimates are not yet available. A demand in the usual form will be presented later in the year."

I want information on both these points.

Then, I pass on, Sir, to paragraphs 8 and 9 in which Salvage operations are dealt with, and they refer to the actual work of street and house clearance which are estimated to cost about Rs. 2,20,000 during the current year. What are the details?

Then, in paragraph 12 relating to temporary accommodation, this is what is stated there:

"Arrangements are being made to construct a number of corrugated iron huts to house the civil establishments, labour, and persons proceeding to Quetta in connection with the recovery of their property. The winter will soon be on, when the use of tents will be out of the question in view of the intense cold. On the basis that some 350 huts would be needed, an estimate of 11 lakhs was originally arrived at, but it is believed that this number will be susceptible of considerable reduction, on detailed scrutiny."

Now, Sir, I want to know if there is any printer's devil there?

Sir Aubrey Metcalfe (Foreign Secretary): I have not got this book.

Mr. S. Satyamurti: It is referred to in the connected papers. You ought to have it. It is printed at page 4 of the proceedings of the meeting of the Standing Finance Committee, Vol. XV, No. 1, dated 21st September, 1935. I am reading from paragraph 12.

Now, Sir, I want to know if there is any printer's devil there. I am not an engineer, but to me the figure of 11 lakhs for constructing about 350 huts is somewhat staggering. I would like to know if it is a mistake, or if there is any explanation forthcoming. Further on, it is stated:

"In this connection Government has emphasised the necessity for careful regard to economy in the scale of accommodation allotted, but has ordered that, in the circumstances, accommodation should be given rent-free. The total cost of these huts, of the temporary accommodation, including tents (other than those supplied by the military) provided for the refugees immediately after the earthquake and of lighting arrangements during the current year is estimated at Rs. 15,08,350, of which Rs. 4,550 is recurring."

These are staggering figures, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Is it in the proceedings for the 1st February, 1936?

Mr. S. Satyamurti: No, Sir; it is in the proceedings of the Standing Finance Committee, Vol. XV, No. 1, dated 21st September, 1935.

Then, Sir, I go on to page 5 on which I find that the scale of salaries given to the various officers employed on the earthquake operations is on a high scale, and I should like to know if it was necessary to pay so much as all that.

Then, Sir, at page 6, under paragraphs 21 and 22, I should like to know whether the expenses for Posts and Telegraphs and Railways have been completed, and how much of it is cut down in this 400 lakhs, if anything, how much is it, or if nothing is provided, how it is proposed to provide for that.

[Mr. S. Satyamurti.]

Then, at page 7, it is stated:

"The next big task with which the military authorities were faced was the evacuation of survivors. 28,000 individuals were sent from Quetta during the first half of June including about 5,000 wives and children of Indian troops. The evacuation of European personnel presented a special problem. They were sent to Karachi and eventually a special ship was chartered to convey them to the United Kingdom. 750 persons were evacuated in this vessel. Over 400 passages were engaged for those who could not be given berths on the special ship. The total expenditure on the evacuation amounted to Rs. 17 lakhs."

Now, Sir, I should like to have some details of this, and I should also like to know whether it was right to incur such a large expenditure as 17 lakhs, on merely sending people, and whether it had the superior claim on relief funds as opposed to other and more important claims.

Then, Sir, at pages 9 and 10, an abstract of the total expenditure on this is given. It totals approximately Rs. 80 lakhs, and you will find at pages 9 and 10 the estimates are given. The hutting and tentage amounts to Rs. 15 lakhs, the same figure which was brought up later. At page 10, you have got two sets of figures right up to item No. 10, which is civil—Rural Relief Rs. 1,41,000, Posts and Telegraphs—hutting again—Rs. 1,18,000, Railways—hutting again—Rs. 1,00,000. Under Military we have got, issue of blankets, clothing, camp accessories, Rs. 5 lakhs, supply of rations to civil population Rs. 6 lakhs, transportation charges Rs. 17 lakhs, deterioration of tentage Rs. 2,50,000, and temporary huts Rs. 10 lakhs, on the whole, making Rs. 80 lakhs. That was the estimate. This note was placed before the Standing Finance Committee on the 21st September, 1935.

Sir Aubrey Metcalfe: May I point out on a matter of information, that what the Honourable Member is now reading was only an estimate produced in September last? A great many of the items to which he has referred are non-voted items of military expenditure. The only amount which the House is now asked to pass is the supplementary demand which is contained in this later book, Rs. 40 lakhs. Of this Rs. 80 lakhs a good deal was non-voted and a great deal of it was defence expenditure, some of which has come out and some of which has increased, and I submit that it is not relevant to the present discussion.

Mr. S. Satyamurti: Sir, we are asked to vote for Rs. 40 lakhs, while they have spent or propose to spend about Rs. 80 lakhs. I have a right to comment on the fact that they spent on the whole Rs. 80 lakhs, though they are asking us to vote only Rs. 40 lakhs.

Sir Aubrey Metcalfe: That was the estimate prepared in September last when it was extraordinarily difficult to find out what would eventually be spent. It was merely put forward for the provisional information of the Standing Finance Committee. This demand which is now put forward is, again, to a large extent an estimate. We cannot be sure whether as much as that will be spent, but certainly nothing like Rs. 80 lakhs would be spent of voted money.

Mr. S. Satyamurti: My Honourable friend is no more relevant. I want to know exactly what is the total expenditure which has been incurred or is likely to be incurred before the end of this year under this head, if this supplementary demand is voted by this House, whether under voted or non-voted head. The estimate now asked for is Rs. 40 lakhs. The estimate is here, but I want to know from my Honourable friend if he could give me information as to what is the total amount of expenditure incurred under these various heads or likely to be incurred before the end of this year, whether under voted or non-voted heads.

Sir Cowasji Jehangir: You want what is actually incurred or the estimate for future expenditure. Not reconstruction.

Mr. S. Satyamurti: Whatever the various items are—so far as I can see, the items are salvage, tentage, hutting, transportation, sanitary charges, police and so on. They do not, as far as I can see from the figures given here, trench on reconstruction. They are mere temporary relief. That is the point on which I want information.

Sir Aubrey Metcalfe: Might I make one suggestion? It might help if the Honourable Member would put questions and allow me to answer them. It would be quite impossible for me in the course of my speech to answer this flood of questions.

Mr. President (The Honourable Sir Abdur Rahim): I think this may stand over till tomorrow. It will help both sides.

Mr. S. Satyamurti: I am quite ready to go on. If it will help the other side, then it can stand over.

Sir Aubrey Metcalfe: It is only with a desire to give all the information that I can. I have no stenographer here to take down the Honourable Member's speech and it is quite impossible for me to take down all these questions.

Mr. President (The Honourable Sir Abdur Rahim): If that will suit the Honourable Member.

Mr. S. Satyamurti: It is not a question of suiting me and him, I want to convey the thing to the House. This can go on again tomorrow, I am perfectly willing to stop here, and begin my speech again tomorrow. That will suit me. I shall finish the speech in five minutes, the Honourable Member can get a copy of the speech and may answer tomorrow.

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

Mr. S. Satyamurti: To resume, at page 80, of Vol. XV, No. 2, of the Standing Finance Committee's report, there is a concise statement of the proposal and the reasons therefor:

"The total expenditure involved during 1935-36 debitable to Civil estimates so far as is known at present, is Rs. 42,40,410, or Rs. 42,41,000 in round figures."

I want to know what is the expenditure debitable to the non-voted head, that is, the military head:

"By far the greater portion of this expenditure is non-recurrent It is not at present possible to say for how long the extra establishments employed in connection with the emergency will be required."

[Mr. S. Satyamurti.]

I submit the Honourable the Finance Member is less than fair to himself and to the House, to present a supplementary demand without caring to ascertain or without ascertaining and letting us know how long these extra staff are required. My Honourable friend comes here and says,—“I am exercising foresight for three years ahead”, but he cannot look three months ahead, and tell us how long these extra establishments are required. Is it fair to say, I won't tell you how long these establishments are required? He won't exercise some foresight and tell us that, under this year's budget.

Sir Cowasji Jehangir: All those figures are in the next year's budget.

Mr. S. Satyamurti: At page 81—on this matter I want to draw your attention as also that of the House:

“Almost the whole of the expenditure has been incurred already in anticipation of approval.”

Where does the House come in? We are asked to vote away 40 lakhs

Mr. President (The Honourable Sir Abdur Rahim): That does happen sometimes and a supplementary demand is permissible. But whether in this case it is justified or not, is another matter.

Mr. S. Satyamurti: I do not want to raise a point of order. My point is the control of this House becomes illusory, if a supplementary demand is presented, and I am solemnly asked to vote for it, and I am told by the Honourable the Finance Member that almost the whole of the expenditure has been incurred, already in anticipation of approval.

Sir Aubrey Metcalfe: Can the House control an earthquake?

Mr. S. Satyamurti: But the House can control human beings dealing with earthquake effects and spending money as if it was somebody's private property and not the peoples' money. We cannot control earthquakes but can control men. I do want to suggest to my Honourable friend that he cannot play with the monies of this country, simply because he can come at the end of the year and say that the amount of the supplementary demand has been spent already. I do appeal to the House—I quite recognise that the rules do allow them to make this supplementary demand,—but the rules also provide that, if they had spent the money, they must come next year for an excess grant, but to pretend as if they want the consent of this House, although they had spent the money already, is, I submit, less than fair to this House:

“It will be of interest for the Committee to know in this connection that the expenditure on extra police and extra public health staff has been reduced from 2.10 lakhs and 1.41 lakhs respectively as originally estimated in September, 1935, to Rs. 1.81 lakhs and Rs. 1.20 lakhs respectively.”

How did this happen?

Then, there is something about motor cars. Then I come to paragraph 8 in which various details are given. I am glad that my Honourable friend will give me full answers tomorrow. I particularly want the utmost possible details for the Rs. 15,08,350 on hutting, tentage, water supply and lighting, etc., for Rs. 6,28,940 on salvage operations, and Rs. 1,41,000 on Rural reconstruction.

These are the various points which I want to raise in connection with this demand for earthquake expenditure. I do suggest that the money has been spent in a manner which could easily have been improved upon. The earthquake was a most unfortunate catastrophe, but surely, such catastrophes ought not to be taken advantage of to spend money in a spirit which shows a lack of responsibility. I personally think—I shall stand corrected if my Honourable friend gives me details—that to spend Rs. 15 lakhs on huts and tents is something which we humble folk cannot really understand. I do not want really to beat the thing more. I really ask these questions for information's sake. It seems to me that the Government ought not to take advantage of an earthquake in order to spend money, and then come and say: 'We cannot control earthquakes'. Earthquakes are unfortunate things, and when they come we ought to exercise the utmost possible vigilance in seeing that public monies are not wasted. I feel that, on the whole, we have no information as to the total commitments; we have no information of the total expenditure incurred or likely to be incurred under both voted and non-voted heads. We have no information as to the various detailed items of this expenditure. Above all, the expenditure has already been incurred. It, therefore, seems to me that the House is entitled to a full and frank statement from the Honourable the Foreign Secretary as to how the expenditure was incurred and to justify the same, and also to satisfy us that they could not have asked for the sanction of this House earlier, before actually incurring this expenditure. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 40,67,000 in respect of 'Baluchistan' be reduced by Rs. 100."

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Here is an item of expenditure of 1,50,000 for rural reconstruction. My Honourable friend, Mr. Satyamurti, has asked for some information in regard to the manner in which this money is proposed to be spent. Only recently we read in the papers that Government were thinking of constituting advisory committees in order to enable them to distribute help and assistance to the peasants who were very badly affected in the last earthquake. We have not had any information so far as to how Government propose to constitute these committees, how assistance is to be given to these peasants and how assistance has been given till now to those peasants who have been adversely affected by this earthquake. This one lakh and a half is to be spent on rural reconstruction. Is the meaning put upon it the same as that put upon it by Mr. Brayne, the Indian Socrates—keeping the houses and the villages clean, teaching the people how to be clean, how to bathe and keep their clothes clean or does it mean real rural reconstruction as we understand it. Are these peasants whose houses were destroyed, whose lands were spoiled and who sustained heavy losses going to be helped to start their life afresh and to get their houses constructed, to improve their lands and to carry on cultivation? I would like to have full details in regard to this particular expenditure of one lakh 50,000 rupees.

Sir Aubrey Metcalfe: If the Honourable Member really seeks information, I can give it at once. This lakh and fifty thousand has been spent entirely on the repair of *karezes* which were all destroyed and which are essential to the irrigation of agricultural land in Baluchistan. It has been spent.

Prof. N. G. Ranga: Therefore, it means that the peasants were not helped directly at all. Even when their houses were destroyed, they were not assisted.

An Honourable Member: You did not hear him properly.

Sir Aubrey Metcalfe: These *karezes* are irrigation channels which were all destroyed and are absolutely essential to agricultural operations in that part of the world. They have been repaired at a cost of one lakh and fifty thousand.

Dr. P. N. Banerjee: That is for the benefit of the villagers.

Prof. N. G. Ranga: We were given to understand in the Simla Session that considerable damage was incurred by the peasants as a result of the earthquake, and Government were thinking of spending some considerable sums in order to help them to recover from those damages. So, it is quite clear that these peasants were not helped in that direction at all. I would like to know whether Government propose at least from now on to do anything in order to help those peasants to rehabilitate themselves and to recover from the damages and the losses they have suffered from the earthquake.

Mr. N. V. Gadgil (Bombay Central Division: Non-Muhammedan Rural): As an instance of how money has been spent recklessly in connection with Quetta salvage and reconstruction, I wish to invite the attention of the House to what has been said on page 4 of the Proceedings of the meeting of the Standing Finance Committee of the 21st September, 1935:

"In connection with salvage operations and for the transport of personnel and material generally, a contract for motor transport has been entered into with the Bagai Motor Service Company for the hire of some 50 lorries, for a period of six months in the first instance. The Company is to receive about Rs. 31,500 per mensem for the hire and Government is to find its own petrol which is estimated to cost about Rs. 12,000 a month."

I have worked out the figures, and if Government had actually purchased all these lorries the sum would be certainly less than the total hire for the period. The monthly hire is Rs. 31,500 and the period is six months. If you work it out, each lorry costs Rs. 4,380, and if you were to deduct the pay of the driver, say, at Rs. 30 per month, it comes to Rs. 4,200. With that sum, I am sure, new lorries could have been purchased by the Government. At the time when the Finance Committee met, this was pointed out by me, and proof that the Government was conscious of the reckless character of the expenditure is to be found on page 81 of the Proceedings of the Standing Finance Committee held on the 1st February when this contract was renewed, the hire per month was reduced to Rs. 17,760 per mensem against the original figure of Rs. 31,500 per month. I am sure that any one who has had something to do with motor cars and lorries will say that a greater example of recklessness on the part of the Government cannot be found. This Quetta reconstruction is going to be another scandal, as large in magnitude as the Munition Board scandal or the Bombay Backbay Development scandal and the Mesopot muddle.

The Assembly then adjourned till Eleven of the Clock on Wednesday.