

3rd March 1936

THE

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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Volume III, 1936

(28th February to 17th March, 1936)

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THIRD SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,  
1936



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1936

# Legislative Assembly.

## *President :*

**THE HONOURABLE SIE ABDUR RAHIM, K.C.S.I., KT.**

## *Deputy President :*

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

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**SIE LESLIE HUDSON, KT., M.L.A.**

**SIE 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.**

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

**SIE 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 III.—28th February to 17th March, 1936.

	PAGE.		PAGE.
<b>FRIDAY, 28TH FEBRUARY, 1936—</b>		<b>FRIDAY, 6TH MARCH 1936</b>	
Members Sworn . . . . .	1789	—contd.	
Presentation of the Budget for 1936-37 . . . . .	1789—1805	The Indian Cinematograph (Amendment) Bill—Re-appointment of Mr. A. S. Hands to the Select Committee . . . . .	1995—96
The Indian Finance Bill—introduced . . . . .	1805	Report of the Indian Delimitation Committee—Referred to a Committee . . . . .	1996—2019
Statement of Business . . . . .	1805—08	Resolution re Non-ratification of Draft Convention concerning the hours of work—Adopted . . . . .	2019—20
<b>TUESDAY, 3RD MARCH, 1936—</b>		<b>MONDAY, 9TH MARCH, 1936—</b>	
Questions and Answers . . . . .	1809—45	Questions and Answers . . . . .	2041—86
Agreement between the Secretary of State for India in Council acting by and through the Governor in Council, Government of the United Provinces of Agra and Oudh, and the Reserve Bank of India . . . . .	1845—47	Unstarred Questions and Answers . . . . .	2086—2127
General discussion of the General Budget . . . . .	1848—92	Short Notice Question and Answer . . . . .	2127—28
<b>WEDNESDAY, 4TH MARCH, 1936—</b>		Message from His Majesty the King Emperor . . . . .	2128
General discussion of the General Budget . . . . .	1902—1949	The General Budget—List of Demands . . . . .	2128—74
Statement of Business . . . . .	1949—51	Demand No. 32.—Home Department—Bureau of Public Information—the propagandist activities of the Home Department through the Director of Public Information especially the publication "India in 1933-34" . . . . .	2134—55
<b>FRIDAY, 6TH MARCH, 1936—</b>		Demand No. 31.—Foreign and Political Department—Perilous nature of the forward policy pursued by the Government of India . . . . .	2155—74
Questions and Answers . . . . .	1952—89	<b>TUESDAY, 10TH MARCH, 1936—</b>	
Statements laid on the Table . . . . .	1990—92	Questions and Answers . . . . .	2225—2231
Sir Frederick Whyte's notes referred to by the Honourable the Home Member during the discussion on the Adjournment Motion on the 24th February, 1936 . . . . .	1992—94		
Election of Members to the Standing Committee for Roads . . . . .	1994		
The Decrees and Orders Validating Bill—introduced . . . . .	1995		
The Indian Land Revenue (Amendment) Bill—introduced . . . . .	1995		

TUESDAY, 10TH MARCH, 1936— <i>contd.</i>	PAGE.	WEDNESDAY, 11TH MARCH, 1936—	PAGE.
Election of Members to the Standing Com- mittee for Roads	2222	Questions and Answers . . . Unstarred Questions	2449—79 2479—2507
The General Budget— List of Demands— <i>contd.</i>		Statements laid on the Table	2507—09
Demand No. 31.— Foreign and Political Department— <i>contd.</i>		The General Budget— List of Demands— <i>contd.</i>	2509—68
Perilous nature of the forward policy pur- sued by the Go- vernment of India.	2222—27	Demand No. 16.— Customs. Grievances of the Employees of the Customs Depart- ment	2511—24 2511—22
Demand No. 28.— Executive Council— No confidence in the Government	2227—60	Position of Bengal Muslims in the Customs Offices at Calcutta and Chittagong	2522—24
Demand No. 79.— Baluchistan— Expenditure due to earthquake at Quetta	2246—69	Demand No. 17.— Taxes on Income	2524—25
WEDNESDAY, 11TH MARCH, 1936—		Demand No. 18.— Salt	2525
Questions and Answers . . . The General Budget— List of Demands— <i>contd.</i>	2271—2310	Demand No. 19.— Opium	2525—26
Demand No. 39.— Defence Department—		Demand No. 19-A.— Excise	2526
Defence policy of the Government of India	2310—47	Demand No. 20.— Stamps	2526—27
Demand No. 22.— Home Department— Repressive policy	2347—58	Demand No. 21.— Forest	2527
THURSDAY, 12TH MARCH, 1936—		Demand No. 22.— Irrigation (including Working Expenses), Navigation, Em- bankment and Drainage Works	2527
Questions and Answers . . . Amendment of Standing Orders—Representation of the Reports of the Select Committees	2359—2402	Demand No. 23.— Indian Posts and Telegraphs Depart- ment (including Working Expenses)	2528—50
The General Budget— List of Demands— <i>contd.</i>		Certain grievances of the employees of the Postal De- partment, espe- cially the grie- vances of postmen and the inferior servants of that Department	2528—45
Demand No. 32.— Home Department— <i>contd.</i>		Position of minorities in Bengal and Assam Postal Circle	2545—47
Repressive policy	2402—24	High rates for tele- phone trunk calls.	2547—50
Demand No. 36.— Finance Depart- ment— Retention of emer- gency taxation of 1931 and the urgent necessity of its abolition	2434—48	Demand No. 25.—In- terest on Debt and Reduction or Avoid- ance of Debt	2550



FRIDAY, 13TH MARCH, 1936	PAGE.
—contd.	
The General Budget—	
List of Demands—contd.	
Demand No. 26—Interest on Miscellaneous Obligations	2550
Demand No. 27—Staff, Household and Allowances of the Governor General	2550—54
Demand No. 28—Executive Council	2555
Demand No. 29—Council of State	2555
Demand No. 30—Legislative Assembly and Legislative Assembly Department	2555
Demand No. 31—Foreign and Political Department	2555
Demand No. 32—Home Department	2555
Demand No. 33—Public Service Commission	2555
Demand No. 34—Legislative Department	2556
Demand No. 35—Department of Education, Health and Lands	2556
Demand No. 36—Finance Department	2556
Demand No. 38—Commerce Department	2556
Demand No. 39—Defence Department	2556
Demand No. 40—Department of Industries and Labour	2556
Demand No. 41—Central Board of Revenue	2557
Demand No. 42—Payments to Provincial Governments on account of Administration of Agency Subjects	2557
Demand No. 43—Audit	2557
Demand No. 44—Administration of Justice	2557
Demand No. 45—Police	2557
Demand No. 46—Ports and Pilotage	2557
Demand No. 47—Lighthouses and Lightships	2558

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

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

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

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

## CORRIGENDA.

In the Legislative Assembly Debates, *Simla Session*, 1935,—

(1) Vol. V, No. 2, dated the 3rd September, 1935,—

(i) page 159, line 3 from the bottom, *for* the sign of interrogation, *substitute* full stop.

(ii) page 210, in column 2 of the tabular statement, under "1952-83" against the first item, *for* "Rs. 800" *read* "Rs. 80".

(iii) page 210, in column 1 of the tabular statement, line 7, *for* "or" *read* "of".

(2) Vol. V, No. 4, dated the 5th September, 1935, page 403,—

(i) in item 8, *for* "Triestinc" *read* "Triestino".

(ii) in item 25, *for* "C. S. K." *read* "O. S. K.".

(iii) against "Total" under "1933-34" *for* "18,82,603" *read* "19,82,803".

(3) Vol. V, No. 8, dated the 11th September, 1935, page 790, in item 53, *before* "Thakurdas" *insert* "Mr.".

(4) Vol. V, No. 10, dated the 13th September, 1935, page 974, in the last line of the answer to part (c) of starred question No. 357, *before* "dhal" *insert* "atta".

(5) Vol. V, No. 11, dated the 16th September, 1935,—

(i) page 1044, line 7 from the bottom, *for* "area" *read* "areas".

(ii) page 1051, line 3 of the answer to parts (b) and (c) of starred question No. 410, *for* "qualifications" *read* "qualification".

(6) Vol. VI, No. 8, dated the 26th September, 1935,—

(i) page 1860, last line, *delete* "but not exceeding Rs. 500".

(ii) page 1861, in the last line of the statement, *delete* "but not exceeding".

# LEGISLATIVE ASSEMBLY.

*Tuesday, 3rd 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.

## QUESTIONS AND ANSWERS.

### BIRTH CONTROL PROPAGANDA IN INDIA.

920. **\*Mr. M. Ananthasayanam Ayyangar:** (iv) Are Government aware that one Mrs. Sanger hailing from America is carrying on birth control propaganda in India?

(b) Is she receiving Government support?

(c) What is the attitude of Government with regard to birth control propaganda in India?

(d) Are Government prepared to take steps to stop such propaganda, in the country?

**Sir Girja Shankar Bajpai:** (a) Yes,

(b) Not from the Government of India. Government have no information regarding Local Governments.

(c) and (d). I would refer the Honourable Member to the last words of my reply to Mr. Akhil Chandra Datta's question No. 158 on the 7th February, 1936.

**Mr. N. V. Gadgil:** Are Government aware that several organisations of women have asked for a grant in support of propaganda for starting birth control clinics?

**Sir Girja Shankar Bajpai:** They may have made such a request to Local Governments, but they have made none to the Government of India.

**Mr. N. V. Gadgil:** What precisely is the policy of the Government of India in respect of this question?

**Sir Girja Shankar Bajpai:** The policy of the Government of India in this matter is to conform to public opinion.

**Mr. N. V. Gadgil:** May I take it that the Government of India are not going to ban propaganda in favour of birth control?

**Sir Girja Shankar Bajpai:** The Government of India are not going to do anything of the kind.

**Mr. S. Satyamurti:** May I take it that the Government of India are not themselves going to do any propaganda, nor are they going to encourage any such propaganda in favour of birth control?

**Sir Girja Shankar Bajpai:** The Government of India have no such plan at present.

**Mr. N. M. Joshi:** May I ask whether Government will consider the question of prohibiting the propaganda?

**Sir Girja Shankar Bajpai:** I have already said that the Government of India are prepared to abide in this matter by public opinion.

#### NON-REPRESENTATION OF THE INDIAN CASE ON THE WORLD COTTON CONGRESSES.

921. **\*Mr. M. Ananthasayanam Ayyangar:** (a) Are Government aware that in the world Cotton Congresses the Indian case is not represented?

(b) Are Government aware that by such default, hostile propaganda is going on in the world unchecked, regarding the quality of Indian cotton and the reliability of Indian merchants and shippers?

(c) Do Government propose to remedy this, and if so, how?

**Sir Girja Shankar Bajpai:** (a) No. The Indian Central Cotton Committee has recently become an associate member of the International Federation of Master Cotton Spinners' and Manufacturers' Association and is thus in a position to secure timely information of subjects to be discussed at such unofficial congresses and to arrange for the presence of properly instructed representatives.

(b) No.

(c) The action taken by the Indian Central Cotton Committee is considered adequate.

#### LEGISLATION FOR LICENSING COTTON GINNING AND PRESSING MILLS.

922. **\*Mr. M. Ananthasayanam Ayyangar:** (a) Do Government propose to introduce any legislation for licensing cotton ginning and pressing mills to ensure that different types are not mixed in one bale? If so, when?

(b) Have Government read the discussion on this subject at a meeting of the Central Cotton Committee held at Bombay on the 4th and 5th of February, 1935? What steps, if any, do Government propose to take with regard to this matter?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The regulation of cotton ginning and pressing factories is a matter which is within the legislative competence of the Local Governments concerned and I may point out to the Honourable Member that the Governments of Bombay and the Central Provinces have already taken steps to render illegal the mixing of cotton.

**TAXING OF SALARY AND INCOME FROM PROPERTY BROUGHT INTO BRITISH INDIA FROM FOREIGN COUNTRIES.**

923. **\*Mr. M. Asaf Ali** (on behalf of Mr. Sami Vencatachalam Chetty): (a) Will Government be pleased to state whether it is a fact that prior to 1st April, 1934, salary and income from property brought into British India from foreign countries were not taxed? If so, what were the reasons that influenced Government to tax these sources of income now?

(b) Will Government be pleased to state what the extra revenue is that was realised as a result of this amendment in the current year?

**Mr. A. H. Lloyd:** (a) Yes. I would refer the Honourable Member to the Statement of Objects and Reasons appended to the Indian Income-tax (Amendment) Bill which was enacted as Act XII of 1933.

(b) It is not possible to calculate the amount involved.

**EXEMPTION OF LEAVE SALARIES AND PENSIONS DRAWN IN UNITED KINGDOM AND COLONIES FROM TAXATION.**

924. **\*Mr. M. Asaf Ali** (on behalf of Mr. Sami Vencatachalam Chetty): (a) Will Government be pleased to state why they have exempted leave salaries and pensions drawn in United Kingdom and Colonies from taxation?

(b) What is the amount of probable loss to Government every year on account of such exemption being granted to such employees?

**The Honourable Sir James Grigg:** (a) The notifications conferring the exemptions mentioned were issued in order to confirm existing practice when the income-tax law in India was amended after the War, and did not confer any actual new concessions upon the officials to whom they relate. The further exemption of leave salaries drawn in similar circumstances by the servants of private employers was apparently granted in order to avoid an appearance of discrimination.

(b) It is not possible to make even an approximate estimate of the total amount involved. So far as leave pay of officials is concerned my predecessor gave in 1931 a figure of from 10 to 15 lakhs a year.

**Mr. S. Satyamurti:** With reference to the answer to the first part of the question, that is to say, that, in order to remove any apparent discrimination, the salaries drawn by private employees also were exempted, have the Government of India considered, or will they consider removing the discrimination in the other way, that is, by bringing all those incomes within the scope of the Indian income-tax?

**The Honourable Sir James Grigg:** As far as considering is concerned, I think it is one of the points which have been referred to the experts to consider. But, of course, as far as officials are concerned, this exemption is a very small part of the general question of pay, and on that the Honourable the Home Member gave an answer the other day on the main question.

**Mr. S. Satyamurti:** In view of the need for getting as much revenue as Government can get, will Government consider, apart from the expert enquiry, from the point of Indian finances, whether the time has not arrived when we ought to bring within the scope of the income-tax this very legitimate source of revenue?

**The Honourable Sir James Grigg:** I have pointed out as far as pay is concerned, that it is only a small part of the much larger question. As regards pensions, it cannot be considered, because it is definitely ruled out by the Government of India Act, 1935.

**Mr. S. Satyamurti:** What about the private employees?

**The Honourable Sir James Grigg:** That is part of the same question.

**Mr. T. S. Avinashilingam Chettiar:** Is it not a fact that the pensions and salaries accrue in India, though they are only paid in England?

**The Honourable Sir James Grigg:** That seems to be a matter of legal argument, and I am not very expert in legal arguments.

#### INDIA'S POWER TO ENACT LEGISLATION IN RESPECT OF MERCHANT SHIPPING AND TO REGULATE ITS COASTING TRADE.

925. \***Mr. M. Asaf Ali** (on behalf of Mr. Sami Vencatachelam Chetty): (a) Will Government be pleased to state if they are aware of the recommendations made by the Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation held in London in October, 1929, on the following points:

- (i) that the recommendation is based on the equality of status as the root principle governing the relations of the Members of the Commonwealth;
- (ii) that action should be taken by the Parliament of the United Kingdom to remove the existing restrictions;
- (iii) that there can no longer be any doubt as to the full and complete power of the Dominion Parliament to enact legislation relating to Merchant Shipping; and
- (iv) that to regulate its coasting trade in such a manner as it likes?

(b) Will Government be pleased to state if they are aware of the further recommendations of the Conference referred to in part (a) above, as brought out in paragraph 123 (page 40) of the report of the Conference?

(c) Are Government also aware of the further recommendations made in paragraph 124 (page 40) of the report of the Conference?

(d) If the answer to part (c) be in the affirmative, will Government be pleased to state what steps were taken to secure for India the same status which has been secured for the Dominions, so that India should have full and complete power to enact legislation in respect of Merchant Shipping and to regulate its coasting trade in such a manner as she likes?

**The Honourable Sir Muhammad Zafrullah Khan:** (a), (b) and (c). Government are aware of the recommendations of the Conference.

(d) I would refer the Honourable Member to the relevant provisions of the Government of India Act, 1935.



**INDIA'S POWER TO IMPOSE CUSTOMS TARIFF DUTIES ON SHIPS BUILT OUTSIDE INDIA.**

926. \***Mr. M. Asaf Ali** (on behalf of Mr. Sami Vencatachelum Chetty):

(a) Will Government be pleased to state if they are aware that as a consequence of the Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation held in London in 1929, to which India was a party, an Agreement was concluded called the "British Commonwealth Merchant Shipping Agreement 1931", between His Majesty's Government in the United Kingdom and other Dominions from which India was excluded?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state why India was excluded from such an Agreement?

(c) Are Government aware that the Agreement referred to in part (a) does not "restrict the right of the Government of each part of the Commonwealth to give financial assistance to ships registered in that part" and also enables that Government to impose customs tariff duties on ships built outside that part?

(d) If the answer to part (c) be in the affirmative, will Government be pleased to state whether India under the new constitution can give financial assistance to ships registered in India, to which ships registered outside and trading with India will not be entitled?

(e) If the answer to part (d) be in the negative, will Government be pleased to state what steps they propose to take to secure that power of giving financial assistance to its national shipping, which is possessed by the other parts of the Commonwealth?

(f) Will Government be pleased to state whether India has got the right to impose customs tariff duties on ships built outside India, just as that power is possessed by the other parts of the Commonwealth?

(g) If the answer to part (f) be in the negative, will Government be pleased to state what steps they propose to take to secure such power, as is possessed by the other parts of the Commonwealth, to enable India, if she so chooses, to impose customs tariff duties on ships built outside India?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes, but I might observe that India was not excluded from the Agreement. The Government of India voluntarily decided not to sign it.

(b) The Government of India did not sign the Agreement because they considered it unreasonable to commit the future Government of India to the obligations imposed by the Agreement.

(c) Government are aware of the provisions of Article 12 of the Agreement, to which no doubt the Honourable Member is alluding. I would point out, however, that this Article does not confer on any Dominion Government the right to impose customs duties on ships built outside that part of the Commonwealth, but merely provides that the Agreement shall not be deemed to derogate from any such existing right.

(d) Yes, subject to the provisions of the Government of India Act, 1935.

(e) Does not arise.

(f) Yes, if they are imported into India.

(g) Does not arise.

**Mr. S. Satyamurti:** With reference to the answer to part (c) of the question, will the Honourable Member enlighten the House as to whether the Government of India have now got the unrestricted right to give financial assistance to ships registered in Indian ports?

**The Honourable Sir Muhammad Zafrullah Khan:** That is a question of interpretation of the constitution on which I cannot offer an opinion.

**Mr. S. Satyamurti:** Have the Government of India considered this question at all? With a view to giving assistance to Indian shipping, have they considered whether they enjoy the right mentioned in clause (c) of this question?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member means whether the question has been considered in the sense whether it has been posed as an issue and a decision arrived at, I am not aware of any such consideration of the question.

**Mr. T. S. Avinashilingam Chettiar:** Are we to understand that such a question has not arisen at all till now?

**The Honourable Sir Muhammad Zafrullah Khan:** I have not said so; I only said that I am not aware of any such consideration.

#### REPLACEMENT OF BRITISH KING'S COMMISSIONED OFFICERS BY INDIANS.

927. **\*Mr. K. L. Gauba:** Will Government please state:

- (a) if it is a fact that Indian King's Commissioned Officers were replacing British King's Commissioned Officers when the Indian Military Academy at Dehra Dun was established;
- (b) whether it is a fact now that officers commissioned from the Indian Military Academy, Dehra Dun are only replacing Viceroy's Commissioned Officers, i.e., Subedar-Majors, Risaldar-Majors, etc., instead of replacing British King's Commissioned Officers;
- (c) whether it is a correct assumption, therefore, that none of the boys passing out of the Indian Military Academy, will replace a British King's Commissioned Officer, for 17 years, i.e., he cannot become a Company Commander for 18 years; and
- (d) if the answers to the above be in the affirmative, whether this device had the approval of the Indian Legislature?

**Mr. G. R. F. Tottenham:** (a) and (b). Yes, Sir.

(c) No, Sir. Cadets from Dehra Dun will probably again begin to replace British officers by 1941.

(d) The fact that the policy of Indianisation involves the ultimate disappearance of the Viceroy's Commissioned Officer has frequently been brought to the notice of the Legislature. In particular, that policy and its implications were fully explained to the Legislature when it accepted the Indian Army (Amendment) Act of 1934.

**RESENTMENT AT THE ELIMINATION OF VICEROY'S COMMISSIONED OFFICERS.**

**928. \*Mr. K. L. Gauba:** Will Government please state:

- (a) if they are aware of the keen resentment in all ranks of the Indian Army at the gradual elimination of Viceroy's Commissioned Officers; and
- (b) whether the wishes of the Viceroy's Commissioned Officers have been ascertained in this matter as also the wishes of those classes and tribes from which Viceroy's Commissioned Officers have hitherto been selected, and if so, whether Government are prepared to lay these opinions on the table of the House?

**Mr. G. R. F. Tottenham:** (a) and (b). The gradual disappearance of the Viceroy's Commissioned Officer is as much a source of regret to the Government as it is to the enlisted classes, of whose views Government are naturally well aware. There is, however, no justification for retaining two classes of officers in the Indianised Army of the future; and, in the process of Indianisation, everything possible is being done to protect the interests of those classes which have hitherto produced Viceroy's Commissioned officers.

**Mr. S. Satyamurti:** What is the reply to the last part—whether Government are prepared to lay these opinions on the table of the House?

**Mr. G. R. F. Tottenham:** The opinions of these people have not been formally obtained in any written communication. Therefore, it is impossible to lay any communication on the table of the House.

**SPEECH OF SIR PHILLIP CHETWODE AT DEHRA DUN ABOUT POOR MATERIAL FORTHCOMING FOR THE INDIAN MILITARY ACADEMY.**

**929. \*Mr. K. L. Gauba:** Will Government please state whether their attention has been drawn to the recent speech of Sir Phillip Chetwode at Dehra Dun, in which he referred to the poor material forthcoming for the Indian Military Academy at Dehra Dun?

**Mr. G. R. F. Tottenham:** Yes, Sir.

**Mr. T. S. Avinashilingam Chettiar:** Do Government propose to take any steps to get better material for the Academy?

**Mr. G. R. F. Tottenham:** The Honourable Member might wait for the answer to the next question.

**Mr. T. S. Avinashilingam Chettiar:** Do Government agree that the Universities can supply better material for military training?

**Mr. G. R. F. Tottenham:** I would ask the Honourable Member to wait till I answer the next question.

## ADMISSIONS INTO THE INDIAN MILITARY ACADEMY.

930. \***Mr. K. L. Gauba**: Will Government be pleased to state:

(a) if they are prepared to (i) reconsider the numbers to be admitted into the Indian Military Academy, Dehra Dun, from the army and by open competition; (ii) revise the rules whereby such recruits from the army are only sent to the Academy; and (iii) revise the pay and emoluments of Dominion Commissioned Officers?

(b) any other plans they may have under consideration to bring forth proper material for the Academy, and whether this House will be given an opportunity of discussing this matter before the proposals are put into effect?

**Mr. G. R. F. Tottenham**: (a), (i), (ii) and (iii). The answer is in the negative.

(b) Government are considering methods of improving the standard of Indian Army cadets at the Academy, but this is not in any case a matter in which this House would be in a position to advise.

**Mr. Lalchand Navalrai**: What is the cause of this poor material?

**Mr. G. R. F. Tottenham**: That would need a quarter of an hour's speech.

**Mr. Lalchand Navalrai**: Will the Honourable Member give one reason?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has said that it would take too long to explain.

**Sardar Sant Singh**: May I ask the Honourable Member what is the percentage of the marks allotted to the interview in comparison with those for the written papers in the examination?

**Mr. G. R. F. Tottenham**: I could not say. I believe the interview carries 500 marks, which is the maximum allowed for any subject in the examination.

**Sardar Sant Singh**: May I know if it is fact that when the applications are submitted through the District Magistrate, the magistrate writes on the applications the political views of their parents and guardians.

**Mr. G. R. F. Tottenham**: I am not aware of that.

**Sardar Sant Singh**: Will the Honourable Member make inquiries and find out?

**Mr. G. R. F. Tottenham**: If the Honourable Member will give me any specific grounds for doing so.

**Sardar Sant Singh**: I can give you the instance of my son. When my son applied for the examination, the District Magistrate wrote the political views of myself.

**Mr. G. R. F. Tottenham:** Very well, but that is not a question.

**Sardar Sant Singh:** May I know if these remarks of the District Magistrate influence the Selection Board in granting marks at the interview?

**Mr. G. R. F. Tottenham:** I am not aware of that.

**Sardar Sant Singh:** Will the Honourable Member take it from me that my son, after he appeared at the interview, told me that, from the way in which questions were put by the Selection Board, he thought he would be given zero marks at the interview.

**Mr. S. Satyamurti:** With reference to clause (b), may I know why the Defence Secretary said that this House cannot give any assistance in the matter, in view of the Commander-in-Chief's speech, and the need for improving the kind of material we get?

**Mr. G. R. F. Tottenham:** I was referring in my answer to the question of improving the standard of Indian Army cadets at the Academy, and it was in that connection that I pointed out that this House would not be in a position to advise. As regards the supply of candidates for the open examination, there is to be a discussion of that matter shortly in another place on a Resolution which His Excellency the Commander-in-Chief will deal with. I would suggest that it might perhaps be advisable to wait until that Resolution has been discussed in the Council of State.

**Sardar Sant Singh:** Will the Honourable Member recommend that the marks for the interview should be eliminated?

**Mr. G. R. F. Tottenham:** No, Sir.

#### SELECTION BOARD FOR THE INDIAN MILITARY ACADEMY.

931. **\*Mr. K. L. Gauba:** Will Government be pleased to state:

- (a) on what basis the 'Selection Board for the Indian Military Academy is constituted;
- (b) whether any Indian King's Commissioned Officer is on the Board, and if not, why not; and
- (c) if the answer to part (b) be in the negative, whether they are prepared to take steps to nominate a suitable officer to the Board?

**Mr. G. R. F. Tottenham:** (a) The composition of the Board is:

- (i) A member of the Public Service Commission as Chairman.
- (ii) Two officers of the Indian Army nominated by His Excellency the Commander-in-Chief.
- (iii) Two non-official gentlemen, one nominated by the Government of India and one by His Excellency the Commander-in-Chief.

Of the two military officers one must be not below the rank of Major-General and one not below the rank of Colonel.

I may add that this rule is based on the recommendation of the Indian Military College Committee.

(b) No—because there is no Indian Officer holding the King's Commission on the active list of the Indian Army (except in the Indian Medical Service) who has yet attained the rank of Colonel. But I may add that a retired King's Commissioned Indian Officer has more than once been nominated by His Excellency the Commander-in-Chief to sit on the Board.

(c) Does not arise.

#### INDIANISATION OF A GURKHA REGIMENT.

932. \***Mr. K. L. Gauba**: Will Government be pleased to state:

- (a) whether Gurkha regiments are recruited entirely from British subjects, and if not, the percentage of non-British element in the Gurkha regiments in India; and
- (b) whether Gurkha regiments are regarded as Indian units, and as such, whether the Indianisation of any Gurkha regiment is contemplated, and if not, why not?

**Mr. G. R. F. Tottenham**: (a) No. In Gurkha battalions, only the King's Commissioned officers, or about 1·5 per cent. of the total strength, are British subjects. The Viceroy's Commissioned officers and other ranks are Nepalese subjects.

(b) Gurkha regiments are units of the Indian Army but their Indianisation, in the sense in which the word is used by the Honourable Member, is not contemplated, because they are not composed of Indian personnel.

**Mr. S. Satyamurti**: May I know why Government do not propose to make these units predominantly British Indian, and not Nepalese Indian?

**Mr. G. R. F. Tottenham**: They would cease to be composed of Gurkhas in that case.

**Mr. S. Satyamurti**: May I know the political or military reasons why these regiments are kept predominantly composed of subjects of an Indian or Foreign State, whichever the political status of Nepal may be?

**Mr. G. R. F. Tottenham**: Because they are very good soldiers.

**Mr. S. Satyamurti**: Are there no comparable classes, from whom recruitment can be made in India proper?

**Mr. G. R. F. Tottenham**: That is a question of opinion.

**Mr. S. Satyamurti**: Is it because Indians are not competent to defend their country, that these mercenaries are recruited for the Indian army?

**Mr. G. R. F. Tottenham**: That is not the reason?

**Mr. S. Satyamurti**: Then, what is the reason?

**Mr. G. R. F. Tottenham**: If a war were to take place and if the Honourable Member were on the other side, he would understand why.

**Mr. S. Satyamurti:** Are the Gurkhas the only class of people who can furnish better material and Indians cannot?

**Mr. G. R. F. Tottenham:** I did not say so.

**Mr. S. Satyamurti:** Why are the Gurkhas recruited, in preference to Indians and paid out of Indian revenues?

**Mr. G. R. F. Tottenham:** It is because they are some of the best soldiers we can get.

**Mr. S. Satyamurti:** Are there no equally good soldiers in India?

**Mr. G. R. F. Tottenham:** I did not say that.

**An Honourable Member:** Will Government recruit Germans and Japanese on the same ground?

# INELIGIBILITY OF INDIANS FOR ADMISSION INTO THE UNITED STATES OF AMERICA.

933. **\*Mr. K. L. Gauba:** Will Government be pleased to state:

- (a) whether India is in the so-called "barred zone", and Indians are ineligible for admission to the United States under section 18(c) of the Immigration Act of 1924;
- (b) the provisions of this law, and whether they are prepared to lay a copy thereof on the table of the House; and
- (c) whether they have taken any steps, or made any representations to the Government of the United States, either through His Majesty's Government, or directly, concerning this law? If not, why not?

**Sir Aubrey Metcalfe:** (a) Yes. Indians are, therefore, subject in common with nationals of other Asiatic countries to certain restrictions in the matter of entry into and residence in the United States of America. These restrictions are imposed by the Immigration Acts of 1917 and 1924 and by a large number of rules since made under those Acts.

(b) No spare copy of the Immigration Law of 1924 is at present available but a copy can, if the Honourable Member so desires, be obtained and placed in the Library of the House. It may, however, be pointed out that the provisions of this law have been so extensively amended and added to by rules promulgated thereafter, that a representative of the United States Government, when asked in 1934 to furnish a memorandum of the regulations affecting the entry of British Indians into the United States, replied that such a memorandum would be difficult to prepare since the sections of the United States Immigration Law affecting them depended on the date and circumstances of their entry into the country.

(c) Government have in the past taken and are in future prepared to take steps to represent to the United States of America through the usual diplomatic channels, individual cases of hardship caused by these laws and regulations. They have also made representations on the general question through His Majesty's Government to the Government of the United States of America.

**Mr. S. Satyamurti:** In the course of these general representations, did this Government ask that India should be removed from the so-called "burred zone" altogether?

**Sir Aubrey Metcalfe:** That is, of course, the main object which we have tried to achieve, but, so far, there has been no result and no reply.

**Mr. S. Satyamurti:** When was this representation made?

**Sir Aubrey Metcalfe:** As far as I remember, about a year ago.

**Mr. S. Satyamurti:** Have they heard in reply at all from His Majesty's Government, in answer to this representation?

**Sir Aubrey Metcalfe:** No; as I said, no reply has yet been received.

**Mr. S. Satyamurti:** Do Government propose to keep quiet, or to take further steps to remind them to press the United States Government to remove our grievances, and to convey to them, by all possible means, the keen feeling in India that India should be treated as a self-respecting nation?

**Sir Aubrey Metcalfe:** Certainly. We have taken more than one occasion of doing so.

**Mr. S. Satyamurti:** What is the result?

**Sir Aubrey Metcalfe:** So far, no result.

**Mr. S. Satyamurti:** Will Government try to get some result?

(No answer.)

#### NON-ISSUE OF RETURN CONCESSION TICKETS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

**934. \*Rai Bahadur Seth Bhagchand Soni:** (a) Are Government aware that the Bombay, Baroda and Central India Railway do not issue week-end and ordinary return tickets for the third class and intermediate class passengers?

(b) Are Government prepared to consider the advisability of recommending to the Railway administration to issue such return concession tickets for the lower classes? If not, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Return tickets are issued between certain stations on the Bombay, Baroda and Central India Railway but not generally over the entire system.

(b) I am conveying the Honourable Member's suggestion to the Agent, Bombay, Baroda and Central India Railway, for consideration.



**NON-ISSUE OF CONCESSION TICKETS FOR LOWER CLASSES ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.**

**935. \*Rai Bahadur Seth Bhagchand Soni:** (a) Are Government aware that Christmas, Easter and Dewali and other concession tickets between any two stations on the Bombay, Baroda and Central India Railway are not issued to the lower class passengers, whereas the same concession is allowed to higher classes?

(b) Are Government prepared to recommend to the Railway Company to issue such concession return tickets for all classes on the same conditions?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) From notifications that have been issued by the Bombay, Baroda and Central India Railway Administration, it would appear that, in connection with the holidays referred to, concession tickets are issued as follows:

(i) third class, for servants of first and second class passengers who have purchased concession return tickets between any two stations over 100 miles apart; and

(ii) intermediate and third class, from Bombay, Dadar and Bandra to all stations over 100 miles, and *vice versa*.

(b) I am conveying the Honourable Member's suggestion to the Agent, Bombay, Baroda and Central India Railway, for consideration.

**SPEEDING UP OF A TRAIN FROM AJMER TO KHANDWA ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.**

**936. \*Rai Bahadur Seth Bhagchand Soni:** (a) Are Government aware that the fastest train from Ajmer to Khandwa on the Bombay, Baroda and Central India Railway metre gauge takes about 23 hours for a journey of less than 400 miles, while other passenger trains take about 26 hours?

(b) Are Government prepared to move the Railway Authorities to increase the speed of at least one train on this important line and also to reduce the long stoppages *en route* to avoid the inconvenience to travellers caused by the slow speed of these trains?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) I am bringing the Honourable Member's question to the notice of the Agent, Bombay, Baroda and Central India Railway, for consideration.

**STATES NOT IMPOSING MATCHES EXCISE DUTY AND FACTORIES MANUFACTURING MATCHES.**

**937. \*Rai Bahadur Seth Bhagchand Soni:** (a) Will Government be pleased to state the names of the States which have not imposed the matches excise duty in their territories?

(b) Will Government be pleased to state the total quantity of matches which was allowed free banderols after the imposition of the matches excise duty?

(c) Will Government be pleased to state the total number of factories manufacturing matches in British India and in the Indian States?

(d) Will Government state the number of new factories established and closed down after the imposition of the excise duty?

**Mr. A. H. Lloyd:** (a) The information desired by the Honourable Member will be found on page 59 of the Pamphlet containing the Acts and Orders relating to Central Excises, a copy of which has been placed in the Library of the House.

(b) The total number of boxes for which special duty-free banderols have been issued is approximately 500,000 gross.

(c) and (d). I would invite the attention of the Honourable Member to the reply given on the 14th of February, 1935, to Mr. Avinashilingam Chettiar's question No. 261, and to the information which was laid on the table of the House on the 23rd of March, 1935, in connection with Mr. Muthuranga Mudaliar's question No. 634.

Information regarding match factories in the Indian States is not available.

**Mr. T. S. Avinashilingam Chettiar:** Have Government gone into the question of the effect on the Indian match industry of the allowing of the manufacture, free of duty, of matches in Indian States and their export to India?

**Mr. A. H. Lloyd:** The provisions to which the Honourable Member refers are contained in the Act itself. So, naturally, the Government and the Legislature have gone into this question.

**Mr. S. Satyamurti:** Have Government any information, or will they be good enough to collect the information, as to the number of factories which have been closed, and those that are still working and manufacturing matches, which may be compendiously described as cottage industries?

**Mr. A. H. Lloyd:** I have already dealt with that by referring to the replies that were given to previous questions which the Honourable Member can find in the proceedings of the Assembly.

**Mr. S. Satyamurti:** What is the percentage of these small factories?

**Mr. A. H. Lloyd:** I am afraid, I cannot give you the percentage figure.

**Mr. S. Satyamurti:** Have Government considered, or will they consider the effect of this excise duty on those small industries?

**Mr. A. H. Lloyd:** Naturally, Sir.

**Mr. S. Satyamurti:** And have they come to the conclusion that they can bear this taxation?

**Mr. A. H. Lloyd:** Yes, Sir.

**Mr. S. Satyamurti:** How many small factories have been closed down, as a result of this taxation?

**Mr. A. H. Lloyd:** In the Madras Presidency, apparently about 46 small factories have closed down.

**Mr. S. Satyamurti:** Will Government consider the removal of this duty on the match industries, so that they may have a chance of developing as cottage industries?

**Mr. A. H. Lloyd:** The question was very fully considered when the Match Excise Duty Bill was before the Assembly, and one factor, with which, as I clearly remember, the Select Committee dealt, was the recommendation of the Tariff Board that this was not an industry the development of which, as a cottage industry, should be encouraged in the interests of public safety.

**Mr. S. Satyamurti:** Is that the Government position today?

**Mr. A. H. Lloyd:** I believe so, Sir.

#### INSTALLATION OF RADIO SETS IN PUBLIC PLACES IN AJMER-MERWARA, ETC.

**938. \*Rai Bahadur Seth Bhagchand Soni:** (a) Will Government state the total number of licences of radio receiving sets in Ajmer-Merwara issued during the last three years? How many of them are in the villages and in the cities?

(b) Are Government prepared to consider the advisability of installing such sets in public places in the villages of the district for educational purposes and for popularising radios?

(c) Are Government prepared to consider the advisability of introducing some items in the Broadcasting Programme of the Delhi Station on health, hygiene, agriculture and other subjects of general welfare, in the language understood by the people of the district?

**The Honourable Sir Frank Noyce:** (a) 184—all to persons resident in towns.

(b) Yes.

(c) This has already been done.

**Mr. M. Ananthasayanam Ayyangar:** Since the last grant for broadcasting was made last year, how many such sets have been imported into India?

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

**Mr. M. Ananthasayanam Ayyangar:** From the portion allotted for broadcasting, has any portion been set apart for the purpose of giving grants to enable towns and villages to introduce receiving sets?

**The Honourable Sir Frank Noyce:** Does my Honourable friend mean out of the grants set apart for broadcasting? If so, no such grants have been made from the other grant—the grant made for rural development.

**Mr. M. Ananthasayanam Ayyangar:** What amount has been spent so far?

**The Honourable Sir Frank Noyce:** Obviously, I could not answer that question without notice.

**Mr. M. Ananthasayanam Ayyangar:** Wherefrom have these sets been sent for? Wherefrom, from what countries have they been indented?

**The Honourable Sir Frank Noyce:** I hardly think that arises out of the present question.

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

#### DECLARATION OF LORD MAHABIR'S BIRTHDAY AS A HOLIDAY IN THE GOVERNMENT OF INDIA.

**939. \*Rai Bahadur Seth Bhagchand Soni:** (a) Have Government received any representation from the Jain community for declaring Lord Mahabir's Birthday as a holiday?

(b) Are Government prepared to consider the advisability of declaring Lord Mahabir's Birthday as a public holiday in the Government of India? If not, why not?

**The Honourable Sir Henry Craik:** (a) Yes.

(b) Members of the Jain community are at liberty to take a holiday on the day of this festival within the six communal holidays allowed to persons employed in the offices of the Government of India.

**Mr. T. S. Avinashilingam Chettiar:** May I know the cost of a holiday for the Government of India?

**The Honourable Sir Henry Craik:** The Honourable Member or some other Honourable Member asked me that the other day, and I said I did not know.

#### FACILITIES FOR THE TREATMENT AND PREVENTION OF BLINDNESS IN AJMER-MERWARA.

**940. \*Rai Bahadur Seth Bhagchand Soni:** (a) Are Government aware that in the last census report, Ajmer-Merwara is shown as having a very large percentage of blindness?

(b) Will Government please state if they have provided any special facilities for the treatment and prevention of blindness in Ajmer-Merwara? If so, in what form, and if not, why not?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) Yes. There is an Eye Department at the Victoria Hospital, Ajmer, in charge of a Doctor specially trained in ophthalmology. In addition, grants-in-aid are given to specially selected free eye dispensaries. Lectures on the prevention and treatment of eye diseases are given by an eye specialist to school teachers, to impress upon children the care of the eyes.

**Rai Bahadur Seth Bhagchand Soni:** Do Government think that adequate, Sir?

**Sir Girja Shankar Bajpai:** Well, Government consider that to be as much as they can do consistently with their present resources.

**Mr. M. Ananthasayanam Ayyangar:** Are Government aware that a lot of this blindness is due to ordinary plain glasses being prescribed by quacks in place of proper lenses?

**Sir Girja Shankar Bajpai:** That is possible, Sir.

**Mr. M. Ananthasayanam Ayyangar:** Will Government take steps to prevent the prescription or the importing of such glasses for use in India, as is done in England?

**Sir Girja Shankar Bajpai:** Sir, I do not think the prevention of the importation of glasses is going to make any difference to the iniquities of quacks. (Laughter.)

#### UTILISATION OF THE RURAL DEVELOPMENT GRANT.

**941. \*Mr. Suryya Kumar Som:** (a) Was the grant of one crore of rupees from the Central Exchequer allotted to different provinces? If so, what is the amount granted to each province?

(b) Was there an instruction issued from the Central Government to the Local Governments as to how the allotted money should be utilised? If so, will Government lay on the table the circulars containing such instructions?

(c) Have Government been kept informed as to the purposes and works for which the allotted sums have been spent by the Local Governments?

(d) Has the entire sum of one crore been disbursed to the provinces and have the provinces utilised the entire sum thus given to them?

(e) Have Government been satisfied that the money given to the different provinces has been properly and judiciously applied by them?

(f) Are Government aware that villagers are not aware of any such grant and no work for the improvement of their condition has yet been done by any Provincial Government, and specially by the Bengal Government?

**The Honourable Sir James Grigg:** (a), (b), (c), first part of (d) and (e). The attention of the Honourable Member is invited to the statement laid on the table of the House on the 6th September, 1935, in reply to starred question No. 162 by Mr. Basanta Kumar Das.

Second part of (d) and (f). Provincial Governments have been requested to send a report by the beginning of March showing the progress of schemes financed from the grant. A summary of these reports will be laid on the table of the House.

**Pandit Lakshmi Kanta Maitra:** May I know whether the Government of India exercise no control over the disbursements made by the provinces?

**The Honourable Sir James Grigg:** After the amounts have been allotted and the individual schemes have been approved,—No, Sir.

**Pandit Lakshmi Kanta Maitra:** Do I understand from the Honourable Member that the Government of India do not keep themselves in touch with the Provincial Governments as to how these amounts are actually disbursed there?

**The Honourable Sir James Grigg:** That is a different question. I have answered that already. We keep in touch to the extent of asking them for a report.

#### ERADICATION OF WATER HYACINTH IN BENGAL.

**942. \*Mr. Suryya Kumar Som:** (a) Are Government aware that water hyacinth has become a source of great danger to Bengal?

(b) Are Government aware that the Bengal Government is introducing a Bill in the Local Council to eradicate water hyacinth in Bengal, imposing further taxation in the shape of cost on the already over-taxed people of Bengal?

(c) Are Government prepared to direct or instruct the Bengal Government to drop the Bill and to spend the money, received from the Central Government as its quota from the grant of one crore, to eradicate the pest of water hyacinth?

(d) In granting sums to the provinces in future, are Government prepared to take into consideration this particular danger of Bengal from water hyacinth and grant more money to Bengal so long as the water hyacinth is not eradicated?

**The Honourable Sir James Grigg:** (a) and (b). Government are aware that the water hyacinth is a pest in Bengal and they understand from the newspapers that the Government of Bengal have introduced a Bill to deal with the matter.

(c) No.

(d) No.

**Pandit Lakshmi Kanta Maitra:** May I know if the Government of India will consider the desirability of including the question of eradication of water hyacinth also in the programme of rural economic uplift in Bengal?

**The Honourable Sir James Grigg:** The Local Governments, in connection with last year's grants, were invited to put forward their own schemes for approval, though, certainly, last year, the Government of India suggested certain classes of schemes which they would sanction out of hand. As I said in the budget speech, this year, we have got to consider whether the new grants this year should be subject to any limitation by the Government of India in the light of the reports which we expect to get from the Local Governments.

**Pandit Lakshmi Kanta Maitra:** May I, therefore, request the Honourable Member to convey to the Government of Bengal the opinion of some of the Members of this House that eradication of water hyacinth in Bengal is to be of primary importance for the betterment of the Province?

**The Honourable Sir James Grigg:** Why should the Honourable Member assume that the Government of Bengal will listen to his views any more closely through my passing them on than his passing them on directly?

**Pandit Lakshmi Kanta Maitra:** Our advice is treated with contempt, while the views of the Honourable Member will not be.

**OPENING OF RADIO CENTRES IN THE MIDNAPORE DISTRICT.**

**943. \*Mr. Suryya Kumar Som:** Are Government aware that the Bengal Government is going to open radio centres in Midnapore District out of the sum granted by the Central Government for improving the condition of the villages?

**The Honourable Sir James Grigg:** I would refer the Honourable Member to paragraph (5) of page 8 of the statement laid on the table on the 6th September, 1935.

**Mr. Suryya Kumar Som:** Do Government think that the setting up of radio centres in Midnapore will improve the condition of the villagers?

**The Honourable Sir James Grigg:** The Bengal Government think so, Sir.

**HIGHER FARES CHARGED ON THE ASSAM BENGAL RAILWAY.**

**944. \*Mr. Suryya Kumar Som:** Are Government aware that the rate of fare on the Assam Bengal Railway is higher than on the Eastern Bengal Railway and the East Indian Railway?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, except for intermediate class.

**PROVISION OF RAISED PLATFORMS AT CERTAIN STATIONS ON THE ASSAM BENGAL RAILWAY.**

**945. \*Mr. Suryya Kumar Som:** (a) Are Government aware that on the Assam Bengal Railway, even at important stations like Comilla, Chandpore, Noakhali, Akhaura, Mymensingh, Badarpore, Lumbding, there are no raised platforms, which causes great inconvenience to passengers, specially to female passengers?

(b) Are Government prepared to take early steps to erect raised platforms at those stations?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). It is left to the discretion of Railway Administrations to provide raised platforms at stations where the traffic offering justifies their provision. Government consider that the best method of dealing with such matters of local importance is through the Local Advisory Committee who can bring specific cases of hardship to the notice of the Railway Administration.

**Pandit Lakshmi Kanta Maitra:** When these complaints against the administration of particular railways are made, would he kindly institute enquiries to be made in regard to those matters?

**The Honourable Sir Muhammad Zafrullah Khan:** No. For instance, how can I cause enquiries to be made into the question of the order in which raised platforms are going to be provided at certain stations.

**Pandit Lakshmi Kanta Maitra:** Enquire if it is a fact that a lot of inconvenience is caused to the people owing to lack of raised platforms?

**The Honourable Sir Muhammad Zafrullah Khan:** At a very large number of stations in this country, there are no raised platforms.

**Pandit Lakshmi Kanta Maitra:** Where is the excuse in not making enquiries even after the Honourable Member's attention is directed to the practice of not having raised platforms. . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member is arguing.

**The Honourable Sir Muhammad Zafrullah Khan:** I have not put that forward as an excuse. I have said that is so.

#### ARRANGEMENT FOR DRINKING WATER ON STATIONS ON THE ASSAM-BENGAL RAILWAY.

946. **\*Mr. Suryya Kumar Som:** (a) Are Government aware that there is no arrangement for serving drinking water in any of the stations on the Assam Bengal Railway?

(b) Are Government prepared to make early arrangements for the same at least at important stations?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No. I would refer the Honourable Member to page 75 of the Report by the Railway Board on Indian Railways for 1934-35, Volume I, which gives particulars of the arrangements made for the supply of drinking water.

(b) Does not arise.

#### ABSENCE OF AN OVERBRIDGE AT CHANDPORE KALIBARI STATION.

947. **\*Mr. Suryya Kumar Som:** Are Government aware that there is no overbridge at Chandpore Kalibari Station, which is in a very thickly populated quarter of the town and that this exposes the inhabitants of the locality to great risk?

**The Honourable Sir Muhammad Zafrullah Khan:** Government have no information but are of opinion that such matters are best left to the Administration to remedy in consultation with the Local Advisory Committee.

**Mr. S. Satyamurti:** What is the status of these Local Advisory Committees? Is their advice mandatory? Are the Agents bound to consider them, and give reasons for rejecting them, or are they really bodies which make recommendations and which nobody takes notice of?

**The Honourable Sir Muhammad Zafrullah Khan:** No advice is ever mandatory. They make suggestions and from a study of the reports and the action taken thereon, I am convinced that a very large number of these suggestions are given effect to.



**Mr. S. Satyamurti:** Are the Railway Agents compelled to give reasons at least, before they reject any of the recommendations of the Advisory Committee?

**The Honourable Sir Muhammad Zafrullah Khan:** My own experience is that whenever a suggestion was put forward, the Agent undertook to look into the matter and used to put up a note with regard to the matter as to the extent to which it was feasible or practicable to accept the suggestion and to what extent he would accept the suggestion and to what extent he could not.

**Pandit Lakshmi Kanta Maitra:** In view of the fact that the Honourable Member is not going to interfere in detailed matters of administration, may I request him to convey to the local Agents the views of the Members concerned on this question of railway grievances?

**The Honourable Sir Muhammad Zafrullah Khan:** It is the practice of the Railway Department with regard to the suggestions made here to convey the suggestions to the Agents for their consideration. As a matter of fact, I have been repeatedly reading that out.

**Mr. Lalchand Navalrai:** May I know, if the opinion of the Advisory Committee is not accepted by the Agent, is that final? Does it mean that the Railway Board will not interfere?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member's question raises a very important point. I am afraid the Government could not give a general reply. Take the instance of providing an overbridge or a level-crossing or a raised platform. Government cannot interfere in such matters. The Agent must be left to decide the order in which these facilities could be provided, having regard to the funds at his disposal for such purposes.

#### USE OF GOODS WAGONS FOR CARRYING PASSENGERS DURING CERTAIN *Melas* ON THE ASSAM BENGAL RAILWAY.

948. **\*Mr. Suryya Kumar Som:** (a) Are Government aware that the Assam Bengal Railway administration use goods wagons for passengers during Setakunda *Mela*, and Mehar-Kalibari *Mela* and on the occasion of other *melas*, when there is rush of passengers?

(b) Are Government prepared to see that during *mela* times, the Assam Bengal Railway makes arrangement for *mela* rakes or extra bogies?

**The Honourable Sir Muhammad Zafrullah Khan:** I would invite the Honourable Member's attention to the reply I gave to this question during the railway budget discussion.

**Mr. S. Satyamurti:** Are goods wagons now being used? I think my Honourable friend said that this practice is practically non-existent. Is it a fact that, in this particular railway, goods wagons are used during these *melas* for carrying passengers even now?

**The Honourable Sir Muhammad Zafrullah Khan:** The position with regard to the use of goods wagons for this purpose is exactly as I explained then, namely, that during recent years, it has been very rare that goods wagons were used for the carriage of passengers and that the Agents were taking steps to see that the necessity should not arise in future. If it does arise, then they have got to communicate to the Railway Board the circumstances under which they took such action, so that the Railway Board can decide whether such action was or was not justified. In this particular case, the Agent says that he will endeavour to obtain additional coaching stock on loan from other railways when his estimate of requirements shows that this is necessary.

**Mr. S. Satyamurti:** Is it not barbarous and inhuman to use goods wagons for the carriage of human beings? Will my Honourable friend issue peremptory orders to stop this?

**The Honourable Sir Muhammad Zafrullah Khan:** I have expressed my own views on the subject pretty clearly the other day in my speech. I am prepared to abide by the verdict of the House in regard to this matter if it is conveyed to me sufficiently clearly. In some cases, passengers, who must get to a *mela* or a pilgrim centre on a certain date, would rather be carried even under very uncomfortable conditions than be left back at all. It is only in cases, where no other arrangement can possibly be made, to carry the passengers that goods wagons are used. I am prepared to issue peremptory orders provided there is no complaint afterwards that though proper rolling stock was not available these people should not have been left behind.

**Pandit Lakshmi Kanta Maitra:** Are Government aware that, on the Assam Bengal Railway and the Eastern Bengal Railway, frequent use is made of goods wagons for the transport of human beings?

**The Honourable Sir Muhammad Zafrullah Khan:** I am told that that is not so. But I will certainly take steps to see that that is not done where it is avoidable.

#### PUBLIC WELLS SUNK OR REPAIRED.

949. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) whether some public wells were sunk or repaired in different provinces of India out of the grant of one crore of rupees for village uplift;
- (b) if so, whether it was duly notified amongst residents of those rural areas that these wells were open to all classes of people, depressed or non-depressed; and
- (c) if so, whether the central authorities have made themselves sure by making enquiries that the various depressed classes are not being treated differently in connection with such public wells?

**The Honourable Sir James Grigg:** (a) Yes.

(b) and (c). These are matters for the Local Governments concerned.

**Mr. Sham Lal:** When the grants are made by the Central Government, is it not the duty of the Central Government to see that the depressed classes are not treated differently?

**The Honourable Sir James Grigg:** The grant was made by the Central Government under certain conditions, and one of the conditions was that the execution of the schemes should be in the hands of the Local Governments.

**Mr. S. Satyamurti:** Will Government lay down general rules that, in the enjoyment of the benefits accruing from the expenditure out of this fund, no distinction shall be made between one class and another?

**The Honourable Sir James Grigg:** I assume they are making no distinction.

**Mr. S. Satyamurti:** The question was asked:

"Whether it was duly notified amongst residents of those rural areas that these wells were open to all classes of people, depressed or non-depressed",

and the answer was:

"These are matters for the Local Governments concerned."

I am asking whether the Government of India will satisfy themselves that no such distinction is observed, or in the alternative give directions generally that no such distinction ought to be observed. It is a matter on which there is a strong feeling throughout the country, among every class of political opinion.

**The Honourable Sir James Grigg:** No, Sir. I am not prepared to lay down any condition. I am not prepared to admit that the Local Governments are blind to their own responsibilities in the matter.

**Mr. N. V. Gadgil:** If any such instances are brought to the notice of the Government of India, will the Government of India then withhold the grant from such Local Governments?

**The Honourable Sir James Grigg:** I am not prepared to give any undertaking on that matter.

**Mr. T. S. Avinashilingam Chettiar:** Even if such instances are brought to your notice.

**The Honourable Sir James Grigg:** That is a hypothetical question.

#### NON-EXISTENCE OF COMPARTMENTAL EXAMINATION FOR MATRICULATION CANDIDATES IN THE DELHI UNIVERSITY.

950. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) whether the University of Delhi have granted the F.A. and B.A. Examinees the concessions of compartmental examinations under certain conditions; and
- (b) if so, what reasons have stood in the way of the University in the case of candidates for matriculation?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) The University of Delhi does not conduct the Matriculation examination.

### CHECKING OF ARTICLES ENTERED IN THE STOCK-REGISTERS OF GOVERNMENT DEPARTMENTS.

951. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) whether Government auditors or Inspecting officers, at the time of their checking, do actually find articles entered in the stock-registers of various Government departments; and
- (b) if not, whether Government propose to take any action in the matter?

**The Honourable Sir Frank Noyce:** (a) It is not ordinarily the function of Government auditors to verify stock. In the exceptional cases in which they do so they see that the stock-registers actually do contain the articles whose existence has been verified. Inspecting officers also make this examination if stock verification is part of their duties.

(b) General orders about stock verification have already been issued at the instance of the Public Accounts Committee and there is no reason to believe that they are not followed. A copy of these orders is placed on the table.

### *Model rules governing the Maintenance, etc., of Inventories of Government Stores.*

1. A reliable list, inventory or account of all stores in the custody of Government servants must be maintained, in a form prescribed by the competent authority, to enable a ready verification of stores and check of accounts at any time, and transactions must be recorded in it as they occur.

2. Priced lists, recording both quantities and values, must be maintained in cases where the stores are intended to be converted into money or where it is desired to distribute their cost over the works, items or objects on which they are actually used. In such cases, the expenditure on stores must be charged to a stores suspense head in the first instance.

3. Purely numerical inventories, recording quantities only, will suffice in cases when the stores are intended solely for the service of the department keeping them and it is not desired to distribute their cost. In such cases, the expenditure on stores must be charged off finally to the service concerned.

NOTE.—In some cases it may be found necessary to show prices against some articles, say when, for facility of identification or other reason, it is desirable to distinguish costly articles from cheap articles bearing the same general description otherwise. Such articles should not be treated as priced articles if the requirements of this rule are otherwise satisfied.

4. The lists, inventories, or accounts of stores will in all cases be subject to such internal check as may be prescribed by the competent authority, whether or not they are subject to any check by the Audit Officer.

5. A physical verification of all stores must be made at least once in every year under rules prescribed by the competent authority and subject to the condition that the verification is not entrusted to a person—

- (i) who is the custodian, the ledger keeper, or the accountant of the stores to be verified, or who is a nominee of, or is employed under, the custodian, the ledger keeper, or the accountant, or
- (ii) who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

The verification must never be left to low paid subordinates, and in the case of large and important stores, it should be, as far as possible, entrusted to a responsible officer who is independent of the superior executive officer in charge of the stores.

6. In making a physical verification, the following instructions must invariably be observed :

- (a) Verification must always be made in the presence of the officer responsible for the custody of the stores or of a responsible person deputed by him.
- (b) All discrepancies noticed must be brought to account immediately, so that the stores account may represent the true state of the stores.
- (c) Shortages and damages, as well as unserviceable stores, must be reported immediately to the authority competent to write off the loss.

7. Balances of stores must not be held in excess of the requirements of a reasonable period. In order to ensure the observance of this rule, a periodical inspection must be made by a responsible Officer, who must submit a report of surplus and obsolete stores to the authority competent to issue orders for their disposal. The inspection must be made six-monthly in the case of perishable stores and once a year in the case of other stores unless there be good reason to the contrary. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

8. The previous sanction of the competent authority should be obtained to the sale of stores regarded as surplus or obsolete, and to the write off of the value of stores.

9. Where a priced inventory is maintained, it is essential that the values recorded therein shall not be materially in excess of the market value of the stores. The head of the Department concerned must issue instructions to govern—

- (a) the fixation of prices with reasonable accuracy;
- (b) the periodical review and revision of rates; and
- (c) The agency to be employed in periodical re-valuation.

NOTE.—The 'market value' of an article, for this purpose, means the cost per unit at which the article, or an article of a similar description, can be procured at a given time, from some suitable public markets. It should be inclusive of carriage and incidental charges, and may even include a reasonable provision for wastage, breakage and depreciation, when these are inevitable.

10. All losses must be duly recorded and formal sanction of the competent authority must be obtained in respect of them even though no formal correction or adjustment of accounts is involved.

11. (a) Losses due to depreciation must be analysed and recorded under the following heads, according as they are due to :

- (1) Normal fluctuation of market prices.
  - (2) Fair wear and tear.
  - (3) Lack of foresight in regulating purchases.
  - (4) Neglect after purchase.
- (b) Losses not due to depreciation should be grouped under the following heads :
- (1) Losses due to theft.
  - (2) Losses due to neglect.
  - (3) Losses due to an act of God.
  - (4) Anticipated losses on account of surplusage of obsolete stores or of purchases in excess of requirements.

## TENDERS FOR THE SUPPLY OF REQUIREMENTS OF GOVERNMENT DEPARTMENTS.

952. \*Mr. Sham Lal: Will Government be pleased to state:

- (a) the respective numbers of Indenting officers in different departments who, relying on price lists alone, did not call for tenders during the last financial year from three or four different firms at the time of giving orders for the supply of the departmental requirements;

- (b) if there were such cases, whether they were duly objected to by any of the Government auditors or Inspecting officers; and
- (c) if not, whether any action is intended to be taken in the matter?

**The Honourable Sir Frank Noyce:** (a) The attention of the Honourable Member is invited to Rule 2 of the Rules for the Supply of Articles required for the Public Service, a copy of which is available in the Library of the House. This Rule does not require tenders to be called for in every case. Government regret that they cannot undertake to collect the information asked for as it would entail an amount of labour and trouble disproportionate to the result.

(b) and (c). Do not arise.

**SUBJECTS DISCUSSED AT THE CONFERENCE OF THE REFORMS COMMISSIONER WITH PROVINCIAL REFORMS OFFICERS.**

953. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) the subjects which engaged the attention of the Conference of the Reforms Commissioner with the Provincial Officers in charge of 'Reforms';
- (b) the conclusions arrived at; and
- (c) whether the dates for the provincial election under the Government of India Act, 1935, have been fixed, and if so, what those dates are?

**The Honourable Sir Nripendra Sircar:** (a) The Conference considered generally the various preliminary steps to be taken before the introduction of the new Constitution in the provinces and, in particular, questions connected with the issue of the Orders in Council and Governors' Rules necessary for the constitution of the provincial Legislatures.

(b) The Conference was held on an entirely informal basis for the purpose of exchanging and co-ordinating the provisional views of provincial Governments and there are therefore no conclusions as such to be placed before the House.

(c) No.

**Mr. S. Satyamurti:** May I know what the Governors' Rules are?

**The Honourable Sir Nripendra Sircar:** I cannot, exactly remember the sections under which the rules were framed.

**Mr. S. Satyamurti:** Do they relate to the manner of conducting business by the Governors?

**The Honourable Sir Nripendra Sircar:** Yes, possibly.

**Mr. S. Satyamurti:** Under the Government of India Act?

**The Honourable Sir Nripendra Sircar:** Yes.

**Mr. S. Satyamurti:** What are the subjects of the Orders in Council, which this conference considered?

**The Honourable Sir Nripendra Sircar:** The Government of India Act provides for various things to be done by Orders in Council, and all these matters have to be considered as to what the recommendations will be as to the contents of the proposed Orders in Council.

**Mr. S. Satyamurti:** Were all these subjects considered by the conference?

**The Honourable Sir Nripendra Sircar:** May not have been all, but some of these were the subjects considered.

**Mr. S. Satyamurti:** Was any report sent to the Government of India?

**The Honourable Sir Nripendra Sircar:** Not yet.

**Mr. S. Satyamurti:** And does my Honourable friend realise that some Orders in Council have already become final Orders in Council, and others are in the process of being so made? Was any action taken on the conclusions or informal proceedings of the conference by the Government of India, as a result of any recommendations or report submitted by them?

**The Honourable Sir Nripendra Sircar:** I do not understand the question. In so far as it concerns matters over which there was this conference, there has been no final conclusion yet; it is an intermediate stage. There is nothing which can be placed before the House just now.

**Mr. S. Satyamurti:** With reference to the answer to clause (c), may I know whether the Government of India have not yet considered at all this question, or are still considering it, and have not yet come to any conclusion on the subject?

**The Honourable Sir Nripendra Sircar:** I have already said that we have not come to any final conclusion.

**Mr. S. Satyamurti:** Are Government considering it?

**The Honourable Sir Nripendra Sircar:** Yes.

**Mr. S. Satyamurti:** May I know whether Government will consider the convenience of the 35 millions of electors who are being enfranchised, in fixing the date and not fixing it at an inconvenient time for all concerned?

**The Honourable Sir Nripendra Sircar:** Government would have considered it even if the suggestion had not been made by the Honourable Member.

**Mr. S. Satyamurti:** How do Government propose to ascertain the convenience of these millions of electors?

**The Honourable Sir Nripendra Sircar:** I am not prepared to make any statement just now as we have not come to any definite conclusion. And I request my Honourable friend to realise that it is extremely embarrassing if we have to answer questions at an intermediate stage when no conclusions have been reached.

**Mr. S. Satyamurti:** And may I suggest to my Honourable friend that it is extremely embarrassing for us to have to face these elections, if the time is fixed without taking public opinion into account?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has made the suggestion that the dates should be convenient, and they said they will consider it.

**Mr. S. Satyamurti:** I am asking whether Government will take proper steps in time, and consult relevant public opinion in the matter, and not come out with a *fait accompli*. Have Government any intention of consulting relevant public opinion on this important matter which affects 35 million voters?

**The Honourable Sir Nripendra Sircar:** We have no intention of consulting these 35 million voters individually, but public opinion has been expressed and will be expressed and will be considered.

**Mr. S. Satyamurti:** When, and where, and in what manner? Do Government propose to consult this House, or ask the Local Governments to consult their Provincial Legislatures, and get some relevant public opinion on this matter?

**The Honourable Sir Nripendra Sircar:** I do not think my Honourable friend requires to learn from me as to how public opinion is to be expressed. There is no undertaking to consult this House.

**Mr. S. Satyamurti:** I know it, but Government do not know. I am, therefore, asking whether Governments will consult their Legislatures, or whether they will consult public opinion in any other manner.

**The Honourable Sir Nripendra Sircar:** Government will take all proper steps.

#### CONSTRUCTION OF A NEW TYPE OF THIRD CLASS RAILWAY CARRIAGE.

954 **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) at what stage the proposals for a new type of third class railway carriage stands; and
- (b) whether such carriages are going to be built; if so, the number and time when such carriages will be placed for use on the railway lines?

**The Honourable Sir Muhammad Zafrullah Khan:** I believe I dealt with this matter also in the course of the debates on the railway budget.

**Mr. S. Satyamurti:** Are such carriages going to be built at all?

**The Honourable Sir Muhammad Zafrullah Khan:** I think I also replied to that. It will depend on the stock renewal programme and the financial situation.



ARTICLE ENTITLED "NEED FOR VIGILANCE" IN THE *Hindu*.

955. \***Mr. S. Satyamurti**: Will Government be pleased to state:

- (a) whether their attention has been drawn to an article entitled "Need for Vigilance" in the issue of the *Hindu*, dated the 9th January, 1936;
- (b) whether the facts stated therein are correct;
- (c) what action, if any, they propose to take to guarantee the rights of Indians; and
- (d) whether they will place their proposals before the Assembly?

**Sir Girja Shankar Bajpai**: (a) Yes.

(b) Yes, in parts.

(c) The attention of the Honourable Member is invited to the reply given by me on the 11th September, 1935, to parts (b) and (c) of his question No. 276. As regards the Rural Dealers' Licensing Law Amendment Ordinance, an assurance has been obtained that, if it can be shown that its provisions are being used to deal harshly with the Indian community, the Government of Natal will be prepared to review the position. Negotiations for safeguarding Indian rights in the only practical application of the Slums Act that has so far been brought to notice are in progress. The recommendations of the Feetham Commission are, as the Honourable Member is aware, designed to relax, in favour of Indians the provisions of the Gold Laws. Representations for further liberalisation of the legislation introduced to give effect to the Commission's recommendations have recently been made.

(d) There are no proposals which Government can usefully bring before the Assembly at present.

**Mr. S. Satyamurti**: Under the first category, have any individual cases of hardship been brought to the notice of Government, and have Government made any representations to the Natal Government?

**Sir Girja Shankar Bajpai**: I presume my Honourable friend refers to the Rural Dealers' Licensing Law Amendment Ordinance. No cases of individual hardship have been brought to the notice of the Government of India.

JUDGMENT IN THE APPEAL OF THE BENDA RAID CASE.

956. \***Mr. S. Satyamurti**: Will Government be pleased to state:

- (a) whether their attention has been drawn to the judgment in the appeal of the Benda Raid Case, in which ten soldiers of the King's Regiment were sentenced to various terms of imprisonment;
- (b) whether their attention has been drawn particularly to the following sentences in the judgment: "We see no reason to interfere and concerted raid on innocent and defenceless villagers including abominable conduct towards women, was more heinous and reprehensible by reason of the fact that it was perpetrated by British soldiers, whose duty it is to protect the lives of persons and property of the inhabitants of this country. That duty they have shamefully betrayed and brought indelible disgrace on their uniform."; and

(c) what action, apart from punishments given to individuals concerned, they have taken or propose to take to raise the tone and discipline of the British Army as a whole in India?

**Mr. G. R. F. Tottenham:** (a) Yes.

(b) Yes.

(c) I would refer the Honourable Member to the answers I gave on the 5th February to the questions arising out of his question No. 52.

**Mr. S. Satyamurti:** Will Government bring to the notice of the British soldiers this judgment, and particularly this sentence:

"We see no reason to interfere and concerted raid on innocent and defenceless villagers including abominable conduct towards women, was more heinous and reprehensible by reason of the fact that it was perpetrated by British soldiers, whose duty it is to protect the lives of persons and property of the inhabitants of this country. That duty they have shamefully betrayed and brought indelible disgrace on their uniform."

**Mr. G. R. F. Tottenham:** No, Sir.

**Mr. S. Satyamurti:** Why not?

**Mr. G. R. F. Tottenham:** Because they think it unnecessary to do so.

**Mr. S. Satyamurti:** Are they satisfied that no such incidents will hereafter occur at all?

**Mr. G. R. F. Tottenham:** They are fully satisfied that the army are ashamed of this business, and they do not wish to rub it in any further.

**Mr. S. Satyamurti:** How are they satisfied that the whole of the army is ashamed of this?

**Mr. G. R. F. Tottenham:** The case has been given ample publicity in India.

**Mr. S. Satyamurti:** Do all these soldiers read these newspapers?

**Mr. G. R. F. Tottenham:** Quotations from the judgment have appeared very widely in the press.

**Mr. S. Satyamurti:** What newspapers do they read? Did these newspapers contain this extract from the judgment?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not ask that question.

**Mr. S. Satyamurti:** The Honourable Member said that this matter has been published in the press, and, therefore, the whole army knows it. I am asking what kind of newspapers they read, and whether those newspapers published this judgment. If they did, I am satisfied. If they did not, I am asking the Honourable Member to bring it to their notice.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not prepared to answer that.

**Mr. Sri Prakasa**: Are Government aware that a woman, who gave evidence before the Sessions Court, said that special care should be taken of her by Government as, having been violated by the soldiers, her caste people had turned her out? Have Government done anything for her?

**Mr. President** (The Honourable Sir Abdur Rahim): Was that in connection with this case?

**Mr. Sri Prakasa**: Yes, Sir. A woman made that statement before the Sessions Court and she said that, as she had been violated by the soldiers, her family and her caste people had turned her out, and she wanted that she should be particularly protected by Government. Have Government done anything to compensate this woman and to see that no further harm is done to her and that she is looked after properly?

**Mr. G. R. F. Tottenham**: I would be glad if the Honourable Member would draw my attention to the particular part of the judgment or the evidence of the woman in question. My information was that no woman, in the course of her evidence in the trial, complained that she had been violated by the soldiers.

**Mr. Sri Prakasa**: Then, I shall send a cutting from the papers.

**Mr. S. Satyamurti**: May I have an answer to my question, Sir?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands that the Honourable Member is not prepared to answer the question.

**Mr. S. Satyamurti**: Why is he not prepared? You have ruled, Mr. President, that if a Member of Government says, a question cannot be answered in the public interest, it need not be answered; it is certainly all right. I am simply asking how . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has ruled that the Chair cannot compel any Honourable Member to answer the question.

**Mr. S. Satyamurti**: Does the Honourable Member refuse to answer the question?

**Mr. President** (The Honourable Sir Abdur Rahim): He has answered certain questions.

**Mr. G. R. F. Tottenham**: We have made enquiries into the question of compensation, and our information was that no compensation had been given in the case of any woman, because no woman had made any complaint that she had been violated by the soldiers.

**Mr. S. Satyamurti**: May I know as to how this sentence in the judgment, which I consider very important, has been brought to the notice of the whole Army? What are the newspapers which they read, and is the Army Secretary satisfied that this sentence found a place in the newspapers which this average British soldier reads in this country?

**Mr. G. R. F. Tottenham:** I read it myself in the *Statesman*, and I also imagine it also appeared in the *Civil and Military Gazette*, and these are the papers read most freely by the Army in this country.

#### DEVELOPMENT OF INDIAN MUSEUMS.

957. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether their attention has been drawn to the statement of Mr. S. S. Markham, Empire Secretary, Museum Association, London, that "museums as a vital factor in the educational system has yet to be developed. There appears very little provision for training curators and one unfortunate result of this is that in a majority of cases, manuscript collections are very extremely poorly curated. It is not perhaps too much to say that evidence of India's greatness in these fields is fast disappearing, and little effort has been made to meet these problems.";
- (b) whether they propose to take any steps to improve the Indian museums; and
- (c) if so, what they are?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) and (c). Not all museums are under the control of the Central Government and the Press report of Mr. Markham's interview is, on the whole, friendly to the museums under the control of the Government of India. Effort will be made to secure a copy of Mr. Markham's complete official report, and, on receipt, it will be considered by Government, and, if necessary, brought also to the notice of Local Governments.

**Mr. S. Satyamurti:** Are Government satisfied that all curators are properly trained, that is, trained for the work which they are specially intended to do?

**Sir Girja Shankar Bajpai:** I may inform the Honourable Member that I met Mr. Markham when he was in Delhi, and we have also made enquiries since. So far as our staff is concerned, there is not very much to be done.

**Mr. S. Satyamurti:** Will Government bring this to the notice of Provincial Governments, in view of the importance of preserving these manuscripts, which are almost the only evidence of India's greatness in these fields?

**Sir Girja Shankar Bajpai:** I have already said that, as soon as we get a copy of Mr. Markham's official report from the Museum Association, we would consider whether it should be brought to the notice of Local Governments.

**Pandit Lakshmi Kanta Maitra:** Have Government got any arrangements for the training of curators for the museums?

**Sir Gita Shankar Bajpai:** There are no uniform arrangements, which depend upon the nature and the responsibility of the work to be done. Sometimes we can train a man here, sometimes it may be necessary to send him abroad.

**REPORT OF THE CONTROLLER OF CURRENCY.**

**958. \*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether their attention has been drawn to a leading article in the *Hindu* of the 8th January, 1936, on the latest Report of the Controller of the Currency;
- (b) whether they are aware that 'the strength of the present position, as stated therein, is obviously due to the large gold exports.'; and
- (c) whether they are prepared to investigate the conditions carefully and take steps to improve the position generally?

**The Honourable Sir James Grigg:** (a) Yes.

(b) Gold exports obviously do tend to strengthen Exchange.

(c) I have already explained to the House my views on this subject, and, in any case, I cannot deal with it adequately in reply to a question.

**Mr. S. Satyamurti:** Are Government satisfied that the favourable balance of trade today is almost entirely, if not entirely, due to the large gold exports?

**The Honourable Sir James Grigg:** That is not true.

**Mr. S. Satyamurti:** Has the Finance Member examined the figures?

**The Honourable Sir James Grigg:** Yes, in so far as they are available.

**Mr. M. Ananthasayanam Ayyangar:** How does the Honourable Member think that these gold exports are in the interests of India?

**The Honourable Sir James Grigg:** That does not arise out of the question.

**REVENUE AND EXPENDITURE AS AGAINST THE BUDGETED ESTIMATE.**

**959. \*Mr. S. Satyamurti:** Will Government lay on the table:

- (a) the latest figures of revenue as against the budgeted estimate;
- (b) the latest figures of expenditure as against the budgeted estimate; and
- (c) what the reasons are for the difference?

**The Honourable Sir James Grigg:** I have already given the reply in my budget speech.

**Mr. S. Satyamurti:** May I know if it is the Honourable the Finance Member's policy to always budget for a hidden surplus, so that, at the end of the year, he can dispose of it as he pleases?

**The Honourable Sir James Grigg:** That is a matter for debate.

**SUBJECTS DISCUSSED AT A CONFERENCE OF THE HOME MEMBER WITH THE PROVINCIAL OFFICERS.**

960. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) what the subjects were which were discussed at a conference of the Home Member with the Provincial Officers on questions regarding Executive business and Provincial Service Commissions;
- (b) whether any principles have been laid down; and
- (c) if so, whether they will place the proposals on the table?

**The Honourable Sir Henry Oralk:** (a), (b) and (c). As the Honourable Member is no doubt aware the new Government of India Act requires various rules and regulations to be made. Some of these rules and regulations must be made simultaneously with the introduction of Part III of the Act. These include the Rules of Business to be made under section 59 (3) and the regulations relating to provincial Public Service Commissions under sections 265 (2) and 266 (3) of the Act. The immediate object of the discussion which my department had last month with provincial representatives was to provide an opportunity for the exchange of views regarding the contents of these rules and regulations, which, it was felt, would be of assistance to Governors in carrying out their duties under the new constitution. It would not be in the public interest to lay the proceedings of the Conference on the table.

**Mr. S. Satyamurti:** Do these rules contemplate the means by which Governors of Provinces will keep themselves in touch with what Ministers are doing, over the heads of those Ministers?

**The Honourable Sir Henry Oralk:** Does the Honourable Member refer to Rules of Business, which are rules to be made by the Governor in his discretion after consultation with his Ministers?

**Mr. S. Satyamurti:** I am asking whether this particular Conference, which the Honourable the Home Member had with the Provincial Officers, considered the question of providing means by which the Governors of Provinces shall keep themselves in touch with the administration of provincial subjects, independent of the Ministers' reports to the Governor.

**The Honourable Sir Henry Oralk:** No, as far as I can remember, that particular subject was not discussed, but I cannot be quite certain. A large number of subjects were discussed.

**Mr. S. Satyamurti:** Did this Conference consider the question of Provincial Service Commissions in all provinces where they do not function today?

**The Honourable Sir Henry Oralk:** Yes. We did consider the subject of the rules which will have to be made by the Governor in his discretion in relation to the functions of Public Service Commissions.

**Mr. S. Satyamurti:** Did this Conference come to any conclusion that there should be Public Service Commissions in all provinces?

**The Honourable Sir Henry Craik:** The Act itself lays down that there must be Public Service Commissions.

**Mr. S. Satyamurti:** Did this Conference consider this question, and lay down any principles for bringing into existence all these Commissions?

**The Honourable Sir Henry Craik:** No. The Conference did not lay down any principles at all. It was merely an interchange of views. The Act itself lays down the principle that in each province or group of provinces there must be a Public Service Commission.

POSITION WITH REGARD TO INDIANS IN ZANZIBAR.

961. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) the latest position with regard to Indians in Zanzibar;
- (b) whether any steps have been taken by them since questions were answered in the last Assembly; and
- (c) what the results of their representations have been so far?

**Sir Girja Shankar Bajpai:** The attention of the Honourable Member is invited to the reply given by me on the 5th February, 1936, to part (c) of his question No. 61 and to the answer to part (a) of Pandit Govind Ballabh Pant's question No. 850 on the 26th of last month.

**Mr. S. Satyamurti:** Has this despatch gone?

**Sir Girja Shankar Bajpai:** Yes.

**Mr. S. Satyamurti:** Has it been received?

**Sir Girja Shankar Bajpai:** It went by air mail: I suppose it has.

**Maulana Shaukat Ali:** May I know if the Honourable Member knows that the Zanzibar Government passed this decree in the interests of the Arabs and Swahilis, the original inhabitants of Zanzibar?

**Sir Girja Shankar Bajpai:** That is the contention of the Government of Zanzibar.

**Maulana Shaukat Ali:** Do they say that it is in the interests of the Arabs and Swahilis, the real inhabitants of Zanzibar?

**Sir Girja Shankar Bajpai:** That is what the Government of Zanzibar have said.

**Maulana Shaukat Ali:** Does the Honourable Member know whether the agriculturists who own these clove gardens in Zanzibar—the Arabs and Swahilis—like this decree?

**Sir Girja Shankar Bajpai:** I cannot say. The Government of India have conducted no referendum on the subject.

**Maulana Shaukat Ali:** I do not ask to conduct a referendum, but have Government received any information and can they give us some idea as to what the people think?

**Sir Girja Shankar Bajpai:** I have only information from the Indians in Zanzibar. I have had no representation from the Arabs and Swahilis in Zanzibar.

**Maulana Shaukat Ali:** Did the Government of Zanzibar in their reports, in reply to the Government of India's representations, give any information or indications that these decrees are liked by the Arabs and Swahilis?

**Sir Girja Shankar Bajpai:** The Government of Zanzibar have all along contended that these decrees are in the interests of the Arabs and Swahilis in Zanzibar.

#### REPORT OF SIR OTTO NIEMEYER.

962. \***Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether they will lay on the table the provincial memoranda supplied to Sir Otto Niemeyer;
- (b) whether they will place on the table the materials supplied by them to him regarding customs, income-tax and the jute duty, tracing the recent history of these and making conjectures regarding the future;
- (c) whether there is any conflict of views between the Central Government and the Provincial Governments; if so, what are the points of conflict;
- (d) when the report of Sir Otto Niemeyer is likely to be published;
- (e) whether, after he reports, the Assembly will be consulted before the Government of India submits their opinion; and
- (f) whether the Provincial Governments will also be invited to express their opinion on the report?

**The Honourable Sir James Grigg:** (a) and (b). No.

- (c) Conflict of interest possibly but I am unaware of anything which may be called a conflict of view.
- (d) It is impossible to say, but clearly sometime during the present year.
- (e) I can give no such undertaking.
- (f) I imagine that they will do so whether they are invited or not.

**Mr. S. Satyamurti:** With reference to the answer to clauses (a) and (b) of the question, may I know the reasons why these very enlightening documents may not be placed on the table of the House?

**The Honourable Sir James Grigg:** Because they are confidential documents.



**Mr. S. Satyamurti** May I know if the fact has been brought to the notice of Sir Otto Niemeyer that most, if not all, the provinces have deficit budgets for the next year?

**The Honourable Sir James Grigg:** Yes, I can answer for that.

**Mr. S. Satyamurti:** With reference to clause (b) of the question, may I know whether Provinces or States have claimed a share of the customs, the income-tax and the jute duty, and, if so, what those proportions are?

**The Honourable Sir James Grigg:** No, Sir. The answer is, you may not know.

**Mr. S. Satyamurti:** Have they claimed?

**The Honourable Sir James Grigg:** That is a question I am not willing to answer.

**Mr. S. Satyamurti:** With reference to the answer to part (c), I hope my Honourable friend will be a little more enlightening possibly. May I know what is the extent and subject-matter of this conflict?

**The Honourable Sir James Grigg:** I said, "Conflict of interest possibly, but I am unaware of anything which may be called a conflict of view". The conflict of interest is that both people want as much as they can get: at least all the provinces want as much as they can get irrespective of what there is there. The aim of the Government of India is to give up to the provinces as much as they can spare which is extremely benevolent of them.

**Mr. S. Satyamurti:** Have the Government of India made any computation of all the claims of the provinces, and have they come to any conclusion that, if all the claims are conceded, there will be anything left to the Central Government?

**The Honourable Sir James Grigg:** There will be a negative amount left to the Central Government.

**Mr. S. Satyamurti:** With reference to the answer to clause (e) of the question, may I know if an opportunity will be given to the Assembly, either now or at the Simla Session, to express its opinion in time for the Government of India to make their recommendations in their turn to His Majesty's Government?

**The Honourable Sir James Grigg:** I cannot give any undertaking of that sort. The decision is one for His Majesty's Government, and not for us.

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AGREEMENT BETWEEN THE SECRETARY OF STATE FOR INDIA  
IN COUNCIL ACTING BY AND THROUGH THE GOVERNOR IN  
COUNCIL, GOVERNMENT OF THE UNITED PROVINCES OF  
AGRA AND OUDH, AND THE RESERVE BANK OF INDIA.

**The Honourable Sir James Grigg** (Finance Member): Sir, I lay on the table a copy of the Agreement between the Secretary of State  
12 NOON. for India in Council acting by and through the Governor in

[Sir James Grigg.]

Council, Government of the United Provinces of Agra and Oudh, and the Reserve Bank of India.

AN AGREEMENT made this twenty-fifth day of September 1935, BETWEEN THE SECRETARY OF STATE FOR INDIA IN COUNCIL ACTING BY AND THROUGH THE GOVERNOR IN COUNCIL, GOVERNMENT OF THE UNITED PROVINCES OF AGRA AND OUDH (hereinafter called "the United Provinces Local Government") of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part.

WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) (hereinafter called "the Act").

AND WHEREAS by section 21(2) of the said Act it is provided that each Local Government shall entrust the Bank on such conditions as may be agreed upon with the management of its public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :

1. This Agreement shall come into force on the execution of these presents.
2. The management of the public debt of and the issue of new loans by the United Provinces Local Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the United Provinces Local Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at all or any of its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the United Provinces Local Government may from time to time direct and shall audit all payments of such interest and act generally as Agents in India for the United Provinces Local Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the United Provinces Local Government.
3. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the United Provinces Local Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, viz. :—

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000 and upwards held by the United Provinces Local Government or by any officer or officers of that Government authorized in that behalf.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the United Provinces Local Government such fixed sum as may from time to time be agreed upon between the parties on account of the stock certificates referred to in clause 3(b) hereof, and the Bank shall be also entitled to charge the public (but not the United Provinces Local Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General in Council under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920), for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues.

4. The responsibility for all loss or damage to the United Provinces Local Government which may result from any act or negligence or omission of the Bank or its Agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any security of the United Provinces Local Government, shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on securities which *prima facie* appear

to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto.

5. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the United Provinces Local Government to be addressed to the Governor of the Bank and to be served by being left at the Head Office of the Bank and if given by the Bank to be served by leaving the same with or Addressing the same by registered post to the Secretary to the Government of the United Provinces in the Finance Department and immediately upon the expiration of such notice this Agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

6. Nothing in this Agreement shall operate to affect in any way the obligations imposed either on the United Provinces Local Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

7. The Bank shall be entitled to perform all or any of the matters contained in this Agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the United Provinces Local Government.

8. In the event of any disputes arising as to the terms and conditions of this Agreement such disputes or any differences of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General in Council whose decision shall be final and binding as between the parties hereto.

IN WITNESS WHEREOF Mr. J. L. Sathe, I.C.S., Secretary to the Government of the United Provinces of Agra and Oudh in the Finance Department, by the order and direction of the Governor in Council, Government of the United Provinces of Agra and Oudh, acting for and on behalf of the Secretary of State for India in Council, has hereunto set his hand and the Common Seal of the Reserve Bank of India pursuant to a Resolution of its Central Board Committee has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Mr. J. L. Sathe, I.C.S.,  
Secretary to the Government of the United  
Provinces of Agra and Oudh in the Finance  
Department for and on behalf of the Governor  
in Council, Government of the United Provinces  
of Agra and Oudh, acting in the premises for and  
on behalf of the Secretary of State for India in  
Council in the presence of

J. L. SATHE,

Secretary to the Government of  
the United Provinces of Agra  
and Oudh, Finance Department.

S. D. BAJPAI,  
Deputy Secretary to the  
Government of the  
United Provinces.

Common seal  
of the  
Reserve Bank  
of  
India.

The Common Seal of the Reserve Bank of  
India was affixed hereto in the presence of Sir  
Sikander Hyat Khan, K.B.E., its Deputy  
Governor and Sir Purshotamdas Thakurdas, Kt.,  
C.I.E., M.B.E., and Mr. Framroz Edulji  
Dinshaw, two of its Directors who in token  
thereof have hereunto signed their names in the  
presence of

S. HYAT KHAN,  
Deputy Governor.  
PURSHOTAMDAS THAKURDAS.

F. E. DINSHAW,  
Directors.

K. G. AMBEGAOKAR,  
Secretary, Reserve Bank of India

## THE GENERAL BUDGET—GENERAL DISCUSSION.

**Mr. President** (The Honourable Sir Abdur Rahim): With reference to the general discussion of the budget, I fix for today twenty minutes as the time limit, and I do not propose to reserve any discretion to myself. Of course, for the Government Member's reply, he will have more time if he wants. I may also mention that I understand that there are a certain number of Muslim Members who do not intend to attend the Assembly tomorrow, as it is Haj day, and, I am, therefore, prepared to give greater opportunity to those Members today if they propose to take part in the general discussion.

**Sir Ghulam Hussain Hidayatallah** (Sind Jagirdars and Zamindars: Landholders): Sir, at the outset, I must congratulate the Honourable the Finance Member on not bringing any fresh proposals for taxation for the next year. I must also congratulate him on reducing taxes. But, I am sorry, I cannot see eye to eye with him as regards the economic condition of our country. He says that the economic barometer is rising; he sees a silver lining in the clouds; but his Honourable colleague, the Railway Member, told us that the economic barometer was falling and that the clouds were gathering. I have no time to get into their domestic quarrels. . . .

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): I never said that.

**Sir Ghulam Hussain Hidayatallah**: . . . but one thing is clear that the railway budget is a deficit budget, and it has been a deficit budget for a number of years, and the country has had to find from four to five crores every year for it.

Now, let us examine whether the economic barometer of our country is rising. The Honourable the Finance Member has congratulated himself on a very large surplus of 4,95 lakhs in 1934-35, and he has shown that his revenues from customs and excise have increased. I refer the Honourable Member to the explanatory memorandum of his Secretary at page 12: take the revenue duties and protective duties, both together, during the year of depression 1932-33 and compare them with the best years of the Honourable the Finance Member. What was the revenue in 1932-33? It was 41,90 lakhs. In 1934-35, it was 38,84 lakhs, and the provision in the next year's budget is 38,19 lakhs. That shows that the customs revenue has decreased. But I admit that the revenue from excise has increased considerably, and I must say that, in 1934-35, for the first time, excise duties on matches and sugar and steel ingots were levied and which, luckily for the Finance Member, brought him 2,46 lakhs. The rest of the surplus also came from excise on kerosene and petrol. So Honourable Members will see that it is the excises that have brought him all the money. He has then cited some other articles in which he says there has been improvement—raw cotton: again I take the year of depression 1932-33: what was the revenue? 55,92 lakhs. In 1934-35, it was 38,91 lakhs, and he has budgeted for 55 lakhs for the next year. That does not show any prosperity. Even in 1934-35, we were losing in comparison with the year of depression 1932-33. No doubt the revenue from import of machinery has been steadily increasing, but that is mostly due to the protection that is given to sugar, and, therefore, to

new sugar factories coming into existence in India. Coming to other articles mentioned by the Honourable the Finance Member, I again take the lean year of 1932-33: cotton fabrics of British manufacture and cotton fabrics not of British manufacture: in 1932-33, the total revenue was 6,52 lakhs, while, in his prosperous year of 1934-35, it came down to 5,45 lakhs, that is, over a crore less; and the budget provision for 1936-37 is 5,40 lakhs, that is, more than a crore less. Another article quoted by the Honourable Member is jute. That has been steadily increasing; but jute is a monopoly of India, and, therefore, it is no wonder: more jute is exported to other countries. He has then mentioned rice, which has been decreasing every year. So Honourable Members will see that there is not much improvement worth the name. All the money he has got is out of the excise duties on sugar and other things.

Then, Sir, the Honourable the Finance Member talks of the 1935-36 Revised Estimates and of a surplus of two crores and 42 lakhs. If we take the new excise duties that were imposed in 1934-35 on sugar, matches and steel ingots for the first time, he has got over four crores, and the excise duties on motor spirit and kerosene have brought in some more crores, and, but for these excise duties, he would have had a deficit budget.

The Honourable the Finance Member himself admits that the provision for the redemption of debt or sinking fund is dangerously inadequate. . . .

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Sinking fund is not the same as debt redemption item. . . .

**The Honourable Sir James Grigg** (Finance Member): I meant it in that sense.

**Sir Cowasji Jehangir**: Is not the sinking fund amount put with interest charges separately?

**The Honourable Sir James Grigg**: Sinking fund is the amount for reducing the capital debt or avoiding an increase in it. It is a three crore provision.

**Sir Ghulam Hussain Hidayatallah**: The Honourable the Finance Member himself has admitted that these three crores are dangerously inadequate. At least seven crores or more should have been provided according to the convention of 1924; or, in other words, he has provided four crores less. If he had made adequate provision for sinking fund according to the convention, both his budgets would have been deficit budgets. Now, Sir, we are losing on our railways about four crores. We are making for the sinking fund four crores less provision, and the additional liabilities the Finance Member has taken upon himself are one crore for rural development, about  $1\frac{1}{2}$  crores as subventions to the new provinces of Sind and Orissa, and about a crore on the reconstruction of Quetta, and all these things bring his liabilities every year, including the railways, to nearly 12 crores. Now, how are we going to get all this money? Is the revenue expanding to that extent? No. The import duty on sugar is one of our most important sources of revenue at present, but the Honourable the Finance Member himself warned us last year, and he has repeated that warning this year also in his budget speech, that this sugar import duty would disappear. Then, he is relying on betterment in interest charges which will bring about two crores, but the separation of

[Sir Ghulam Hussain Hidayatallah.]

Burma will cost us about 2½ crores, and so this will more than swallow up the savings expected on interest.

Now, looking to the expenditure side, he himself has admitted that in the Revised Estimates for 1935-36, there is an increase of Rs. 1,17 lakhs over the budget for 1935-36, and, in the budget for 1936-37, there is a further increase of Rs. 1,20 lakhs even over the Revised Estimates for 1935-36.

Then, as regards the military expenditure, the Honourable the Finance Member says it is likely to increase, and His Excellency the Commander-in-Chief also says the same thing, and, therefore, there is a clear indication that the defence expenditure is bound to increase.

Now, Honourable Members will see that our revenues are not increasing in proportion to our expenditure, but the expenditure has increased very considerably.

When we talk of 1s. 4d. ratio, the Finance Member says that he does not want to "monkey" with the ratio question, though this ratio had stood the test of 20 years. I would, in this connection, quote for his benefit the contrary opinion of a great financier, the Right Honourable Reginald McKenna, who says:

"The misuse of gold has driven us to abandon fixity of the external value of our currency for the far more important benefits of stable internal value."

Now, Sir, because of the present ratio, our agricultural prices have gone down, and we are obliged to export our gold. I would, therefore, again request the Finance Member to put a very heavy duty on the export of gold.

The Honourable the Finance Member has set aside a sum of Rs. 1,97 lakhs out of the surplus for 1935-36 as a Revenue Reserve Fund for the new reforms. I appreciate it very much. Sir, in the past, dyarchy in the provinces failed, because the Ministers had very inadequate funds for nation-building purposes. They were, therefore, not able to do much to catch the imagination of the people. The two chief sources of revenue of the provinces, land revenue and excise, are very inelastic, but as everybody in this House knows, prices have gone down, and, therefore, there is every likelihood of the land revenue decreasing. If the land revenue decreases, then automatically the excise revenue also will decline. Unless, therefore, the Central Government give the Provinces a portion of the personal income-tax and of the excise on matches as early as possible, Provincial Autonomy will be wrecked on the rock of finance. (*Opposition Members*: "Hear, hear.")

Now, I come to the surplus; in whatever way he has achieved it, I must say he has made the best use of it. He has first satisfied the claims of the agricultural classes. He has given them not only one crore, but has given them something more to improve their lot. Now, I would request him to pay greater attention to small industries or cottage industries. He might say that Industries is a transferred subject, but I may tell him that the provinces have very depleted resources, and it is for the Central Government to help in this direction. He has given grants for several agricultural schemes, and I would suggest that he should also

help small industries by giving loans on good security and also by granting subsidies till these industries are put on their feet. The Honourable the Finance Member may object to this proposal on the ground that Industries are a transferred subject, and are, therefore, the concern of the Provincial Governments, but the provinces, as I have already explained, have very depleted resources and cannot, therefore, do anything themselves in the matter without the help of the Central Government.

Then, I think the middle classes will very much appreciate the raising of the income-tax limit from Rs. 1,000 to Rs. 2,000; and my friends, the commercial magnates, will very much appreciate the reduction of surcharges, and the country in general will appreciate the reduction in postal rates.

**Mr. N. M. Joshi** (Nominated Non-Official): Not the country.

**Sir Ghulam Hussain Hidayatallah:** But I would request my friend, the Finance Member, to think of the poor man's postcard also.

Now, Sir, I come to my own province. He has provided a subvention of one crore eight lakhs.

**An Honourable Member:** It is too much.

**Sir Ghulam Hussain Hidayatallah:** No, it is too small. (*Opposition Members:* "Hear, hear.")

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): You must get a hundred crores!

**Sir Ghulam Hussain Hidayatallah:** Sir, there are no roads in Sind. It is purely an agricultural province, and the prosperity of the Sukkur Barrage scheme, in which we have sunk about 25 crores, depends on better communications. There is no Government College in Sind, Arts or Engineering. Education in Sind is at its lowest ebb. Among the majority community,—the Muhammadans,—barely one per cent. know English, and only about three per cent. know Sindhi. The subvention given is hardly adequate for the requirements of the new province. We want medical relief in a large measure, because what medical facilities we already have are not worth mentioning. Therefore, I would request my Honourable friend to have a soft corner in his heart for my province. At the same time, I would request him, as the watch dog of the finances, to see that the administration of Sind is not made top-heavy. . . .

**Mr. S. Satyamurti:** Sir Lancelot Graham has gone there, and he will see to it!

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

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): My Honourable friend, Sir Ghulam Hussain Hidayatallah, started his speech with congratulations to the Honourable the

[Mr. Akhil Chandra Datta.]

Finance Member. I listened to his speech throughout with great attention, but I regret to say that throughout his speech he did not say anything in support of his budget proposals. Sir, I am not in that happy position of being able to offer my congratulations to the Honourable the Finance Member. Any congratulation that is offered here on the budget must be congratulation offered on behalf of the great mass of people whom it is our proud privilege and sacred duty to represent here. The budget debate is not an after-dinner speech where it is permissible to be in a hilarious mood and to indulge in congratulations in a light-hearted manner. The real, pertinent question is, is the budget that is presented before us such a budget, on the merits of which we feel justified in congratulating the country? That is one test. It has been claimed that it is a surplus budget. It has been further claimed that a recovery in Indian economic situation has set in and has set in very strongly. In fact, it has been claimed that there are sure signs of increasing prosperity and that we can count upon an undoubted and increasing improvement in our economic condition. These are not my words, these are the words which occur in the speech of the Honourable the Finance Member. On these two questions, as to whether there is a surplus budget and whether there are really signs of increasing prosperity, I cannot see eye to eye with the Honourable the Finance Member. One may or may not attach too much importance to the Cassandra-like prophecies of those who are not endowed with the unduly robust optimism of our Finance Member. One may or may not have that implicit faith in the innate and marvellous powers of India for recuperation from economic troubles. There may or may not be room for honest differences of opinion on that point, but I feel no hesitation in submitting two propositions before this Honourable House. The first proposition is that there is really no surplus at all. All that glitters is not gold, and an apparent surplus is no real surplus at all. Sir, under the emergency taxation legislation of September, 1931, Government have taken crores and crores of rupees from the people, we have had to pay additional taxes in the neighbourhood of Rs. 50 crores during these last five or six years. What is the total amount of the much-vaunted surplus? It is not even eight crores up to the end of the current year, and including the budget surplus for 1936-37, it will not be even ten crores. It is mere truism to say that, but for this additional taxation, there would have been a deficit to the tune of about 40 crores up to this time. Can it, therefore, be said that there is a surplus budget? A man raises, say, Rs. 50 crores, either by loan or by extortion or by robbery; he squanders 40 crores of this amount, and then proclaims from the house-tops that he has made a net saving or surplus of ten crores. I do submit that the claim for a surplus, made by the Honourable the Finance Member, is no more tenable or justifiable than that of the hypothetical man whose case I have just mentioned. So, my contention is—I shall not use any strong language, but I shall say this, that it will be a substantial untruth to say that there has been a surplus and that the budget is a surplus budget.

**The Honourable Sir Nripendra Sircar** (Leader of the House): It is only a substantial untruth; not a misrepresentation!

**Mr. S. Satyamurti**: That is unparliamentary.



**Mr. Akhil Chandra Datta:** I said I should not like to use strong language. (Laughter.) The second proposition that I should like to put before this House is this, that it is rash, if not reckless, to assert that the corner has been turned in India and that India is completely out of the wood.

**The Honourable Sir James Grigg:** I never said that.

**Mr. Akhil Chandra Datta:** The Honourable the Finance Member certainly did not use these identical words, but he certainly used words which are more significant and more dogmatic in that direction. Let us take the test, one after another, as to prosperity and as to recovery.

The first and foremost test of recovery is the price level. Has there been a rise in the prices of agricultural commodities? I take it that there is no dispute that the price level is as low now as it was ever since 1929. If that is so, can it be said that there is any sign of recovery? On this question of price level, during the question hour, we have asked on more than one occasion—there may not be too many times, but I remember at least two occasions on which we asked the Honourable the Finance Member as to whether he has taken any steps seriously and honestly, ever since he assumed office, to improve the price level of agricultural commodities. My grievance is that he has never cared to answer this question in a straightforward manner; he avoided, he evaded. The other day, the Honourable Sir Henry Craik, taking a brief for his colleague, characterised the supplementary questions in this House as a police court cross-examination. Now, Sir, whenever a question is not answered. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot allow the Honourable Member to go into that. He must confine himself to the budget.

**Mr. Akhil Chandra Datta:** I bow to your ruling. The point that I was making was simply this. Here is a test of prosperity and of recovery, namely, the price level of agricultural commodities, but, in spite of our best efforts, we have not been able to get any information from the Honourable the Finance Member, as to his plan and programme. That was my point. That is one test. Let us consider another test as to economic prosperity. Has the standard of living amongst the masses been raised in proportion to productive capacity? Has the purchasing power of the masses been increased in any way? Then there is the other test about industrial development. Can the Honourable the Finance Member say what serious effort he has made throughout the year, or ever since his assumption of office, for the improvement of industry? With regard to that, the policy of Government has been definitely laid down in the Resolution passed by this House in February, 1928,—the policy of discriminating protection. I want to ask the Honourable the Finance Member whether as a Finance Member he is following that policy or is he fighting that policy. Is it not a fact that he has been going round the country and preaching against the policy of indiscriminate protection?

**The Honourable Sir James Grigg:** Certainly against indiscriminate protection.

**Mr. Akhil Chandra Datta:** My friend is taking advantage of a slip of the tongue,—I meant discriminating protection. I am reminded of the speech that was made by the Honourable the Finance Member at Bombay. Now, Sir, the sight of the Finance Member of the Government of India fighting the financial policy of the Government of India regarding industries is a sight for the gods to see. If one were to follow strictly the traditions of the British Parliament when one is unable to carry out honestly the policy of the Government, the only course is to resign. I wonder, Sir, if that aspect of the question has ever occurred to the Honourable the Finance Member. As regards industry, of course, the political barometer may rise or may not rise. The financier may be orthodox or heterodox, but certainly even the most orthodox financier will not dispute that the problem for India at the present moment is a problem of industrialisation. That is the fundamental problem for India. The salvation of India lies in industrialisation. Unfortunately for us we have got a Finance Member who will not carry out the policy of the Government of India with regard to industries. Let us take another test, the question of unemployment. The budget is silent, the speech is silent as to what steps have been taken to tackle this problem of unemployment. Ever since the depression began, every country in the world, in order to fight the demon of depression, has devised some plan or other, call it economic plan or by any other name. Every country has adopted some plan of its own. In India, Sir George Schuster was seriously contemplating as to what that plan should be. He definitely said "we must have a plan" but unfortunately for us, his successor is not a believer in any plan whatever. He is an advocate of the doctrine of *laissez-faire*, that exploded doctrine. His philosophy is a comfortable philosophy, the philosophy of inaction and stagnation. He is not for exertion. He is looking up to the Heavens and expecting some windfall as he actually looked up throughout his budget speech. May I sound a warning? Even India will not stand any such economic nonsense for any length of time. Therefore, I say that we will be living in a fool's paradise if we proceed on the assumption that India is on the high road to prosperity, and to recovery.

May I invite the attention of the House to some salient features of the Budget? The most remarkable fact is that this is a rich man's budget. For the year 1936-37 the estimated surplus is 242 lakhs. How has it been distributed? For reducing the surcharge on income and super-tax a grant has been made of 138 lakhs. That is for the relief of the rich. Then for the abolition of the tax up to Rs. 2,000—47 lakhs. That again is relief for the middle class people. The last concession is the postal concession about the weight of the one anna letter. That, also, I submit, is relief for the middle class people. The crowning irony of the whole thing is that whatever relief has been given has been given to the rich and the middle class people and none to the poor, not even in the matter of the post-card. The second feature of this budget is that it is an extravagant budget, because it appears that in spite of the depression expenditure has been allowed to mount up from year to year.

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

**Mr. Akhil Chandra Datta:** One important aspect of this budget is that it is a political budget, a budget for propaganda. I find 20 lakhs has been granted for the development of broadcasting.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): I must emphatically protest against that statement. Broadcasting is not used for propaganda.

**Mr. Akhil Chandra Datta:** I shall definitely prove that it is for propaganda. One of the items is "rural broadcasting service in Midnapore", and I find from one of the papers circulated that one of the items is "propaganda talks" in villages. It is very significant that, of all the districts in Bengal, Midnapore should have been singled out for this purpose, the district of that *sabardast* magistrate, Mr. Griffiths. He said once "my district, Midnapore".

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member ought to discuss these matters here.

**Mr. Akhil Chandra Datta:** Of course, that is a district where the monopoly of propaganda is taken by the officials. When my friend, Mr. Chattopadhyaya, went there to speak to his constituents, he was turned out by Mr. Griffiths.

**Mr. S. Satyamurti:** He has been turned out from here also.

**Mr. Akhil Chandra Datta:** Then, another matter, I want to refer to, is the appointment of the News Editor, Mr. Franks, at the Delhi Station.

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

**Mr. Akhil Chandra Datta:** Sir, I shall conclude my speech. It is said that all this broadcasting is for the benefit of the cultivator. Sir, scriptures may certainly be quoted by anybody in support of any cause.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot give the Honourable Member any more time.

**Mr. Akhil Chandra Datta:** Half a second, Sir. For rural uplift there is five lakhs for cottage industries and the amount has been spread out over five years. It is, therefore, merely a white-wash and a camouflage. I want to say one word about Bengal, Sir,—I cannot elaborate it, I only mention it, that the whole of the jute tax ought to be given to Bengal; and income-tax also.

**The Honourable Sir James Grigg:** The whole of that too?

**Maulana Shaukat Ali** (Cities of the United Provinces: Muhammadan Urban): Sir, probably some of my friends may be astonished that I am rising to speak on this budget. My theory of the financial adjustment is known to everybody in this House. The only knowledge I have of finance is based on my personal expense, that is, I begin my family budget often with a zero and sometimes with a minus balance. (Laughter.) As regards affairs here, Sir, I have come to have some regard for the Honourable the Finance Member, not so much for his financial abilities as for other qualities, and I rather like him. (Laughter.) Sir, he is a sportsman, and talks and behaves like an over-grown school-boy. (Hear, hear.) In spite of my grey beard, I have also got the school-boy mentality. Now, he likes hitting people all round, and the people in their turn are hitting him, and so the fight goes on. I would not use the strong language that I used last year in this House for which I was reprimanded and for which you made me apologise to the House. Now, the case I am going to relate is a very interesting case—based on my own knowledge. I am afraid, from what I am going to say, the Honourable the Home Member may think that probably I am offering bribery and corruption. (Laughter.)

[Maulana Shaukat Ali.]

Sir, last year, I got a few rupees off in my income-tax on my little pension which I got on account of my humble, but I think, very meritorious services as a government officer, viz., Rs. 2 last year; and this year I have got another Rs. 2 and now my pension will be absolutely free from income-tax and I shall start life with a banking account of four rupees a month. I must thank him for that, but I have got one grievance also which I shall lay before him and before the House—and I hope, as he is in a good mood, he will consider it favourably. He has got lots of money in his pocket—a fine surplus in the budget; and only the other day he offered, when angry, four annas to our millionaire (Sir Cowasji Jehangir) to join the Congress. I do hope he will offer something to me now when he is happy, but I assure him that I shall be very glad to run up to him and receive the gift. Sir, I have been that abject being, called a "Government servant" for seventeen years in my province, the United Provinces, and I was a very honest and a very capable officer. (Laughter.) I assure you that I know my job.

**An Honourable Member:** Opium was your job.

**Maulana Shaukat Ali:** Yes, opium was my job, and I did it well, and it agreed with me. Sir, I served for seventeen years. Then, suddenly, something happened to me, to Islam and to the Moslem world, and suddenly I gave up Government service, and I gave up the beautiful clothes I used to put on, and I gave off my shaving twice a day (Laughter), and, then, I started the growing of this beard, and I stood up for my conviction against this Government.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not speaking to the budget.

**Maulana Shaukat Ali:** Sir, after seventeen years' meritorious service, my pension, a poor amount, was given to me and, then, because I stood for my faith this Government not only locked me and my brother in prison, but when I came out, also stopped my pension. This certainly has to do with this budget. Sir, for fourteen years I non-co-operated with these people and never asked them for my pension. When H. E. the Viceroy frequently asked me that I should not non-co-operate, and also, on my own account I wanted to co-operate and I did co-operate I asked for my pension as a sign of goodwill, but this Government only gave me three years' pension, and they docked up Rs. 20,000 of my arrears of pension. Sir, I hope the Honourable the Finance Member, now that he has got a budget surplus, will restore me that (Laughter) and will thus make his budget a real poor man's budget and include in that concessions for poor pensioners like myself. There must be other pensioners in the countries who have been wrongly deprived of their pension. Then, Sir, I have got one other little grievance. There was a very festive gathering—a very fine lunch given in Simla at which I was present—and there the question was being discussed about the allowances Honourable Members of this House were getting. Now, my difficulty about Simla was that, when I first went to Simla, all the rickshaw coolies said to me: "You are the right type of a member to come to the Assembly, your weight is such that you cannot walk too much, please get into a rickshaw", and they all began to loot me, so much so, that half of my allowance that you gave me went to the rickshaw coolies. (Laughter.) Now, Sir, I cannot understand what is wrong with the financial experts of this Government. Here,

in Delhi, we can walk over a flat country, and also we can get a friend's car or a friendly *tonga* and they give us here Rs. 5 a day for our conveyance; but, in Simla, there you go up, or you go down and it is impossible for a man of my size and age to walk. I am now a broken down old athlete and my knees ache and refuse to function. It is a great pity the Government do not give us Rs. 5 there for conveyance as they do here. These were the things they were discussing at that lunch. I heard that these old friends of mine the Congress Party were very troublesome to the Government and they ask all sorts of embarrassing questions and raise troublesome discussions, some of which I also do not like. (Hear, hear.) It was suggested that there should be formed a scheme through which fewer elected non-officials should be coming to the Assembly Sessions and thus the Government should always win and never lose in a debate or in the divisions. There were many suggestions made. Now, my suggestion was this. It would be much better that you give us a reasonable consolidated allowance, which Members drew whether they attended the Sessions or not.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must now conclude his speech unless he confines himself to the budget.

**Maulana Shaukat Ali**: These are matters which do form part of the budget, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member knows that the discussion on the budget is not for raising questions of personal grievances, but the grievances of the country.

**Maulana Shaukat Ali**: These are grievances of the country, Sir. (Laughter.) Now, Honourable Members opposite (Government Benches) ventilate their own grievances, the question of their pay, their overseas allowances and hundreds of other allowances they want in spite of the huge salary that they get and we poor people have not got even our minimum demands satisfied. Surely, we have a right to put our case before the Government, and I think you ought to support us. (Laughter.) This is not only my personal grievance: it is a grievance of all the poor Members of this Assembly, and, in this poor man's Assembly, I have put in a very important suggestion for the consideration of the Honourable the Finance Member, and I do hope, Sir, he will shew a little generosity and increase our allowance—at least they should give us in Simla some kind of rickshaw allowance.

Then, the second matter, which concerns the poor man's budget, is this. They should reduce the price of postcards to two pice. If they do that, it will be a very popular budget. I need not speak much on this obvious point. I think if they do that, in spite of violent criticisms, all would be satisfied with this budget. I think if my Honourable friend, Mr. Bewoor, could see his way to give two pice postcards, then this budget will really be a poor man's budget and a popular budget.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): Sir, for one like myself, who has been accustomed since 1921 to hear about deficit budgets year after year and new taxation every year, the

[Sir Muhammad Yamin Khan.]

present year's budget is a great relief, and I welcome it wholeheartedly. I congratulate the Honourable the Finance Member on having presented such a popular budget. The Honourable the Finance Member is not a magician, and, therefore, he cannot change the character of the Government and its commitments by the touch, as it were, of a magician's wand, but whatever little he could do, he has done. It has come as a great relief and pleasure to me to find that, instead of new taxes, even some of the old taxes have been remitted this year. I am glad that the Honourable the Finance Member has set apart some money as reserve for defence. We always learnt in the past that a great deal of our money is consumed by the extraordinary expenditure on the military side. By finding reserves for the defence, it will be possible to meet the extraordinary requirements, on the military side as they come, from this reserve fund. I hope a sufficient amount will be placed in reserve so as to save this country from further taxation or putting the Government to the necessity of borrowing. There is one aspect of the budget on which all are agreed and that is that the deficit on account of loss on the strategic lines of railways, which amounts to about two crores of rupees, should be really debited to military budget. The strategic lines are not really commercial lines and they stand by themselves, and I see no reason why the military should not bear the loss on these lines. If that is done, then we can easily find out how much India spends on her defences and what is the proportion of military expenditure to civil expenditure.

I congratulate the Honourable the Finance Member on having taken away the income-tax on incomes below Rs. 2,000. That is really a welcome relief to the poor people who could not find sufficient money to meet their ordinary necessities and requirements, such as education of their children, medical relief, etc. My Honourable friend, Maulana Shaukat Ali, already pointed out that he too would get relief to the extent of two rupees per month. The most unpopular budget that we ever had was when the income-tax was levied on incomes below Rs. 2,000. Some of the millionaires also will get relief in this budget by way of reduction of surcharge. But, as regards the reduction of surcharges, my ideas may not be palatable to some Honourable Members of this House. I submit that the surcharge, if it had remained at the old level, would not have been unwelcome to the country provided there was a reduction in the cost of postcards. It would have been welcome if postcards had been reduced in price rather than the reduction of surcharges. If the Government had been able to balance the budget without having to face a deficit, even then it would have been justified in keeping the surcharges at the old level on high incomes. The Government could have thus seen their way to reduce some of the unpleasant taxes which agitate the minds of the country such as postcards, etc. By keeping the high rates for postcards, the Government have given a loophole for agitation in the country. I know, Sir, that the postcards are not so much used by the poor people as is sought to be made out in the House. The postcards are really used more and more by the business people. There are few people whom we can really call poor who use the postcards at all. Perhaps these poor people would use postcards once or twice a year. I am sure, I am not wrong when I say that people whom my Honourable friends, Mr. Joshi and Mr. Giri, represent, never resort to letter writing

at all. They have nothing to correspond with others. Probably they write once a year, or they may not write even once a year. Whatever it may be, even if the postcards are used only by businessmen, there is no justification in keeping the cost of a postcard at three pice instead of two pice. If it had been the case that the very poor people have recourse to postcards, then the charges should have been reduced still further. If any cuts come up from any side of the House in the shape of reduction of charges on postcards, I think the Government would do well to accept such a motion with good grace. This is my sincere advice to the Government that they must show to the Opposition that they are ready to meet them when they are really reasonable.

The next subject on which I should like to say a few words is the question of unemployment in the country. What have the Government done with regard to unemployment? The Government, as the custodian of the welfare of the people, should find ways and means to solve this unemployment problem. Anybody who finds his stomach empty is sure to agitate against the Government. Nowadays, education is rapidly advancing in the country and Universities are turning out lots of graduates, but these graduates find no employment whatsoever in the country. The policy of Government should be changed in this direction, and I think Government should spend as much money as they can on technical education which is greatly needed in this country. I do not see that Government have done anything at all in that direction in the present year or that they propose to do anything for the future.

**An Honourable Member:** That is a provincial subject.

**Sir Muhammad Yamin Khan:** It may be a provincial subject, but the Government of India are as much involved in it as the Provincial Governments are. If an agitation takes place, the Government of India suffer as much as the Provincial Governments do. And, whatever sum they can afford, they must spend, in order to give help to the Provincial Governments and the Universities in order to provide technical education rather than turn out more graduates either in science or in arts.

One thing that I wanted to know and I expected in the speech of the Finance Member is, how much India has gained in commerce this year, whether we have been able to purchase our commodities by making payments by the export of gold or whether our exports are equal to our imports. If our imports have increased a great deal and brought a lot of customs revenue, what about our exports? Is our export really the export of gold or of raw material? We want that our exports should be of raw materials which bring wealth to the country and not the small hoardings of gold of the poorer people which they have been tempted to part with, simply because the prices had gone a little bit high. That is a point which I expected the Finance Member to deal with elaborately in his speech, but he has not done so. I think the right policy for Government is to take stock of the situation in the country and not depend in future on making purchases from the other countries with the precious metal which we have got in this country.

Then, we find that, in spite of so many sugar mills being put up, the duty on sugar has increased. I think this should not be kept as a standard for the future. If revenue has come from the sugar import

[Sir Muhammad Yamin Khan.]

customs duty, this will not last very long and Government should not depend on it in future; they will be wise if they take the circumstances into consideration and not deliberately go on with a policy which may not be fulfilled in the next few years. The sugar mills which are rising every day in this country will have to be supported by giving protection, because Government gave them hopes in the beginning that they will go on giving protection to this industry. The revenue from this head is sure to fall in future years as far as import is concerned. I do not know how far Government have been able to check the illegal import in those harbours which are not Government harbours. I have heard a lot of tales,—I do not know if Government are aware of them and have taken proper precaution,—that a lot of sugar is imported, not in Bombay or Karachi or in other British Indian ports, but in some ports in Gujrat, and that this sugar finds its way in an unauthorised manner into British India. It is a difficult thing to check, but I hope Government have taken proper precautions about it. I should like to know from the Finance Member as to what steps Government are taking about it.

One thing more, and I have done. The University, which I have the honour to represent in this House, as I am the representative of the Muslim University at Aligarh,.....

**Mr. S. Satyamurti:** Not here?

**Sir Muhammad Yamin Khan:** Yes, I represent it in this House.

**Mr. S. Satyamurti:** How? Is it a University seat?

**Sir Muhammad Yamin Khan:** Aligarh is in my constituency, and so I represent that University.

**Mr. S. Satyamurti:** Ah! Then I represent the Madras University!

**Sir Muhammad Yamin Khan:** That University requires a great deal of money in the near future to change its policy and educate young men in such a manner that they may be useful citizens and may not wander about as unemployed graduates. For this we require some kind of help from Government.

**Several Honourable Members:** All Universities want it.

**Sir Muhammad Yamin Khan:** I made a general case about it in the beginning, and now I am representing the case of this University as its representative in this House. I hope Government will do their best for it, and my community also is doing its best to help themselves. Although I know that God helps those who help themselves, still Government also must help them. As God has made this Government and placed them in this position.....

**Mr. S. Satyamurti:** Don't say God has made this Government.

**Sir Muhammad Yamin Khan:** They are the distributors of wealth, and I hope they will not be lacking in their efforts to look after the interests of this University.



**Dr. T. S. S. Rajan** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I must confess, in the first place, that I am not much of a financier. I know very little about finance, but I know something about medicine. In medical practice, there is a rule that people call in experts when the disease becomes dangerous, but the patient gets generally very little out of the experts. The general practitioner calls in one expert and he says that this is a case for the ear specialist. The ear specialist is called, and he says that the blood specimen should be sent to the pathologist and his report should be called for. A third one is called, and he says the urine should be examined after which he would be able to say what to do. So, in fact, the man goes from one expert to the other, while the disease makes its own headway: and perhaps the patient has paid through the nose and gets very little out of all these consultations! We have, Sir, an expert in our Finance Member to the Government of India. I am sure, he is well paid as the experts go, and we have got this disease in India—the disease of chronic poverty.

**Mr. N. M. Joshi**: Hear, hear.

**Dr. T. S. S. Rajan**: We have asked him to realise this chronic poverty and show some relief by which this chronic poverty of India of years could find some loophole through which it could come out and we could say: "Our poor man's income has been raised to such and such an extent", even by as much as a quarter of an anna. Each year's budget comes, each year's budget goes, but the poor man is perhaps growing worse day by day, and the expert advice, as all expert advices are, is perhaps not advantageous to the patient.

**Mr. M. S. Aney** (Berar Representative): His urine is not examined.

**Dr. T. S. S. Rajan**: In fact, we have heard—at least from what I have seen of the budget, I can see very well—that the Finance Member has made an exceedingly good budget from the financial point of view. He has shown us very good surpluses, but he seems to have twitted the Opposition by saying that he attached rather too much importance "to the Cassandra-like prophecies of those who were concerned for one reason or other to proclaim that India was being ruined by its attachment to the British Empire and its adherence to sterling". I would put it to him this way. You are a great expert, you have been brought here at great expense, and although we are not aware of financial implications, we suggested some remedies last year. May I say that you, in your wisdom, found it worth your while not to follow the advice we gave you last year. We wanted some reduction in income-tax, some reduction in postal charges, and those you have given now, but at what cost?

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

**Dr. T. S. S. Rajan**: We have paid the taxes right throughout the year at the enhanced rate, and if you had been a very good prophet, you ought to have spared us this extra taxation, because, we at least have proved that our calculations were perfectly correct, according to our proposals last year. Probably it was the prestige of the Government that stood in the way of our proposals being accepted; they were afraid that the Congress fight would have made itself felt in the country if Government

[Dr. T. S. S. Rajan.]

had given us the reductions for which we pleaded. But this year what is it we find? We find a surplus of nearly five crores, with the result that the country has been asked.....

**The Honourable Sir James Grigg:** The Honourable Member is talking about the surplus of the year before. The surplus in the current year is Rs. 2.42 lakhs.

**Dr. T. S. S. Rajan:** We wanted these reductions last year, and if the Finance Member had granted them to us last year, we should certainly have gained by them, because his financial forecast of this year and of last year shows that he has realised his anticipations and he could as well have granted them without fear of a deficit budget—and our advice was that the relief we asked for could be given. That apart, what we contended for last year still continues, namely, that we are part of the Empire and that our finances have been tacked on to sterling. What we see today in the finances of the Government of India is a phenomenon which I find it very hard to compromise. There is a deficit all over the provinces except perhaps in my own province of Madras where they have tried to equalise the receipts and expenses. We have found a large deficit in all the major provinces of the country.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member may stop here.

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

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

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**Dr. T. S. S. Rajan:** When the House rose, Sir, I was saying that I could not understand how a prosperity budget could be announced under the existing conditions. Last week, the Honourable the Railway Member told us that there is a huge deficit and that movements of goods and long lead traffic were all absent, and, therefore, he had a deficit budget. Again, Sir, the price levels of this country do not show any improvement at all. The prices of commodities have remained exactly as they were last year. Rice, cotton and oil-seeds—in fact any commodity which is of any commercial value for this country—have all fallen in price, and the poor man in the villages is just as poor as he was last year. In fact, from the statement contained in the budget, I believe that the poor man has lost the very little of precious gold that he ever held in this country and has taken to hoarding nickel coins in place of gold. Gold goes from the country as freely as ever, and the Finance Member is not in a position to tell us for how long this drain will go on and when it will ever stop. He does not tell us the approximate amount of gold hoarded in this country: he does not tell us how long this process of drainage of gold will go on; on the contrary he

tells us that the drain must go on, while confessing it is all distress gold. How long the export of this distress gold will balance our budgets it is very difficult to say, but the fact remains that gold is being drained from this country at a very very rapid rate.

There is no attempt made in this budget to reduce expenditure to any appreciable degree. Take the Army. There is a suggestion that, if anything, it tends to go up. There is already an increase of 20 lakhs nearly, and, if things go on at this rate, I do not know really whether this military budget, which is the heaviest item in our expenditure, will ever go down at all. No attempt is made to nationalise the army. No attempt has ever been made to train men, civilians, for the army. Instead, an army of occupation is being maintained recruited from the so-called martial classes both British and non-British. In our efforts to maintain the army we get some consolation in the budget. The budget figures tell us that there is ten lakhs accruing to the Government by sending our army—I should think the unemployed army—abroad for service. That has brought in a relief of ten lakhs. But, it only proves this, that that army is not wanted for us: it could be easily spared, it could be easily sent abroad. But if the army could really be nationalised and if every free citizen is trained to take up arms in defence of his hearth and home, we would really find the military budget necessarily decreases. When compared with the colonies and dominions, India maintains a very heavy military expenditure absolutely disproportionate to its position in the Empire. This has been brought to the notice of Government more than once and no attempt has ever been even suggested with regard to this heavy military debt.

Then, there is no attempt even to reduce the civil expenditure, both here as well as in England. Commodity prices have fallen, but the wage cuts have been restored. An anomaly of this sort could never exist in any country where public opinion has at all any say in the matter.

There is one other item to which I would like to draw the attention of the House. When the tax on salt was restored and was levied, we were told it was to balance a deficit budget. Now, years have gone by: we have got a surplus budget and the tax on salt remains as it ever was. The poor man's salt has been knocked on the head. The Gandhi-Irwin Pact, which, after a struggle of years, brought about a gentlemen's agreement between Lord Irwin and Mahatma Gandhi, has been ignored: the poor man was told he could get his salt free; he could go and lift salt to the extent of his family requirements: but what was given by the right hand was taken away by the left: he was told that he lifted salt indiscriminately and therefore the whole of the poor men in India were punished by being deprived of this privilege which they got as a result of that agreement. Certainly, if the Government had so wished, they could have punished the wrong-doer, the man who infringed the law. It is not beyond the capacity of our Government to do that: but they say: "We are helpless, we cannot prevent people from stealing salt and we cannot alter it: therefore, we must punish the whole community". A more flagrant violation of an honest agreement we could never imagine.

Coming now to the postal rates, I was surprised to find an Honourable gentleman of this House, the Member from Meerut, saying that the poor people did not use post cards. I would refer him to the statistics published by the Postal Department and the number of cards

[Dr. T. S. S. Rajan.]

that are being utilised. These gentlemen do not know, when they speak, how large a place the card finds in a poor man's budget. I have seen people writing with two coloured inks, one right across from top to bottom, and again across in red ink, so that they could get in as much matter as possible in the small space of a postcard, for fear that they would have to pay another quarter-anna more. That is the poverty of our country, and yet we find one of our own Members coming and telling us that postcards are not used by the poor people . . .

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

**Dr. T. S. S. Rajan:** There is only one more item which I would like to mention before I close, and that is the expenditure on the reconstruction of Quetta. Last year we did complain that the revenues must not be spent on reconstruction of Quetta and that a separate loan should be raised for the purpose. As a civilian I may not be able to appreciate its importance, but for military needs reconstruction of Quetta may be necessary, and if it is necessary, then it is common knowledge that capital expenditure cannot be supported by this means. Money has to be raised separately for the purpose. Money is cheap and interest rates also are lower, and it is no use taking away the revenues of the country for reconstructing Quetta instead of relieving the poor man.

**Dr. Khan Sahib** (North-West Frontier Province: General): Sir, to rise and take part in the debate on the general budget is an onerous task. The Honourable the Finance Member will excuse me if I say something which may not be very palatable to him. The House has heard the optimists and the pessimists; I am a realist, and have, by a slow process of elimination, removed from my mind those dreams of self-deception which are prevalent in the minds of the optimists and the pessimists alike.

Now, Sir, coming to the budget, it is a well balanced budget on paper, and one must congratulate the representative of the foreign exploiters for his jugglery. (Laughter from Opposition Benches.) I have no complaint to make if he has failed to think of a fair distribution of the production of this land among the starving millions who are entitled to it, because he has been sent to this country for the specific purpose of taking away whatever he can lay his hands on by the help of all the forces at his command. ("Hear, hear" from Opposition Benches.) I, for myself, am convinced that this Government will never do anything for the good of the people of this country. This group of Executive Councillors, who promulgate Ordinances against the will of the people, and then consider themselves above them and thus abuse them, Sir, according to my way of thinking, is an unlawful assembly. (Laughter.)

**Mr. M. S. Aney:** You mean the Executive Councillors?

**Dr. Khan Sahib:** Yes, I mean the Executive Councillors. Sir, it is impossible for them to have a clear mind and clear brain, which is absolutely necessary for conducting the affairs of the State properly, because they are constantly chased by the fear of being found out and

their iniquitous secret deeds exposed before the world. Moreover, the constant irritation caused by the knowledge (and here I must sympathise with them) of their being removed from this country in the near future. It is my cherished hope that the contradictions brought about by their misdeeds will help us in the realisation of our goal of freedom quicker than we imagine.

Sir, this Government of the jugglers who can send out and bring in Members into this House at any time they like, as we noticed it just before the Finance Bill was introduced, proves to us beyond doubt that their ways are irresponsible and deserve condemnation.

Sir, I have divided this Government into parts so as to make its complicated structure easier for analysis: (1) that section which is composed of foreign exploiters who think only of their country, and their duty, during their temporary stay here, is to take away as much as they can. They never think of the people of this country and they are quite right in doing so, because, when they retire, they are forgotten by the people of this country, and so they are not responsible to them. Then, the second one is the hired section. This section, Sir, reminds me of the example of a particular senate. A great emperor, after just depriving that senate of all hand in public affairs, called them and consulted them on the matter of what sauce should be served with a fine "Turbot" he had received from a distant shore. Then comes the third the non-remunerated section. The members of that section are constantly living in the hope of being declared Knights of the Round Table (Laughter), and are always ready to answer loyally to the dictates of their masters irrespective of caste, creed or religion. Sir, it is amusing to listen to the communal debates in this House, when we see all the Members on the Opposite Benches, they are, for all practical purposes, English. Scotch or Welsh or Ulstermen if you like. I am afraid I won't call them Irish, because they may not like it or it may not be to their advantage (Laughter), as you all know the word "Irish" is an irritant to their benefactors. Sir, now to come to the point (Laughter) . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member recognises that he has not been speaking to the point so long.

**Dr. Khan Sahib:** It was merely an analysis of the Government.

I will first begin with the Afridis,—last year we were told that 25 lakhs were set apart for the construction of a road, for which they had received a request in the form of a document with thumb impressions. This year, I do not know what the position is, because the Finance Member is reticent about it, but whether it is pleasant or unpleasant, I will lay before the House certain facts which will throw some light on the manner in which our foreign exploiters conduct affairs on the Frontier. Last year, they got some Afridis and they made them sign a blank paper. They got thumb-impressions of those who could not sign. When two of the people asked what would be the future contents of that paper (Laughter), they were turned out on the plea of being habitual *charas* smokers. I am afraid, this might appear strange to the Honourable Members; but, on the Frontier, things like that are not uncommon. We had a Chief Medical Officer who could pass a lunatic quite fit to will away his property. This is not hearsay. What I say I know, and it has been done to people whom I know personally. Now, luckily, that Medical Officer is not on the Frontier. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): This also is not the budget.

**Some Honourable Members:** This is Foreign and Political Department budget. (Laughter.)

**Dr. Khan Sahib:** +[\* \* \* \*] To come back to the Afridi affair, there is still trouble going on about that road. The Afridis do not want that road, but Government are forcing it, and I will tell you how the Government are trying to enforce their will. To begin with, I must narrate a few items which will clear the whole situation.

**Mr. President** (The Honourable Sir Abdur Rahim): The Frontier budget is not under discussion.

**Dr. Khan Sahib:** This comes under the foreign policy. I have not come to the Frontier yet; it is on the borderland. (Laughter.) After the last Afghan War, the Afridis signed an agreement with the Government with the exception of the Zakka Khels, which is one of the chief tribes of the Afridis; they neither paid the fine nor returned the quota of their rifles. For the purpose of protecting certain parts from the Zakka Khels, the Government engaged three men, one Ghulam Haidar Khan of . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better not mention names. Let him leave off names.

**Dr. Khan Sahib:** They engaged three men for the Chura Lachi Pass to prevent any raids. After two years, the Zakka Khels came to an agreement with the Government, and, then, from 1922-25, the railway work and the work of the pickets continued quite peacefully. In 1925, the Government established fortifications at Shugai, and the cooly camps for the railway work. This caused some irritation among the tribes. The Chura-Lachi arrangement continued for the protection of these camps till 1927-28. After the work was finished, they terminated the Chura-Lachi arrangement,—this was all personal and temporary arrangement. The allowances, which are paid to the Afridis, are in compensation for what is called the Khyber toll. The Afridis used to take toll from people who went to Afghanistan via the Khyber Pass. At the time the Government took over the Khyber Pass, they agreed that they would pay certain allowances in compensation to the Afridis. The Afridis further agreed to the protection of the North-Khyber Road for motors, the railway line and the South Khyber Road. All those allowances, which the Afridis get, are for the Khyber Pass and the roads, as mutually agreed upon. Now, the Government say, they won't pay the old allowances unless the Afridis agree to the construction of the new road, in other words, they are going to repudiate their pledges.

**Sir Aubrey Metcalfe** (Foreign Secretary): On a point of information, Sir. May I ask how the Honourable Member knows what the Government are going to do?

**Mr. President** (The Honourable Sir Abdur Rahim): If the Honourable Member can contradict it, he can do so.

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+Portion within brackets since expunged by order of the Honourable the President.

**Dr. Khan Sahib:** I know the Afridi Jirga is still going on. The Honourable Member went there himself, but he stayed only in the Government House. The Jirga was going on up to the time when I left the Frontier, the question was not settled. I do not know if the Honourable Member has got the latest information. If they have done something now, that may be, but when I was there, they were creating trouble between the different tribes. They wanted to pay certain tribes and stop the allowances of others, which will create disturbances and my information is accurate and correct, because the secret service cannot hide it from me. If there is any trouble on the frontier, at least it is my duty to tell the Honourable Members of this House that it will not be the fault of the Afridis. They have got these pledges, and I have told you what those pledges were given for, and now those pledges are going to be repudiated.

**Sir Aubrey Metcalfe:** I do not know.

**Dr. Khan Sahib:** I do not mind; let them throw it away, but only I want my countrymen to know that we are not going to be deceived by statements of this Government that the irritation on the Frontier is produced by the Afridis, and we should not be a party to the sanction of money to create trouble between our brothers on this side and that side. My object is that the House should know this. The Afridis used to bring firewood to Peshawar to sell,—because they are very poor people,—for their livelihood. The hiring of a bullock cart from Dara to Peshawar costs Rs. 3, and a whole bullock cart, full of firewood, is sold in the Peshawar City for about Rs. 8. Now, what do you think the Government have done? They have imposed a Rs. 5 tax on a bullock cart. How are the Afridis going to make any living out of that? This will further increase their irritation. It may not appear to the Honourable Members of this Government unjust, because they receive very comfortable remuneration for their very little work. (Laughter.) . . .

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

**Dr. Khan Sahib:** All right, Sir. At least one point I have cleared, and, if I have a further chance, I shall give further description to the House about other affairs. With these words, I resume my seat.

**Sir Aubrey Metcalfe:** May I, before we proceed, raise a point of order? I understood the Honourable Member to make certain gross accusations against an officer of Government, and I would ask that those remarks may be expunged from the record of the House.

**Some Honourable Members:** Why?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair asked the Honourable Member not to mention names. The names have not perhaps been mentioned.

**Sir Aubrey Metcalfe:** No name was mentioned, but a particular officer was mentioned, and there can be no doubt in anybody's mind, who knows about that particular province, as to what officer was mentioned.

**Mr. President** (The Honourable Sir Abdur Rahim): If the Honourable Member's remarks are relevant, the Chair cannot allow the remarks to be expunged. ("Hear, hear" from Opposition Benches.) But if the Honourable Member wants to make necessary corrections, he may point out that the remarks are not well founded.

**Mr. S. Satyamurti:** No objection can be taken long after the speech.

3 P.M. If the Honourable Member wanted to object to any words, he ought to have done so then and there. My Honourable friend cannot object to it at this stage.

**Mr. President** (The Honourable Sir Abdur Rahim): If the Honourable Member wants to make a speech, he can certainly make the correction.

**Sir Aubrey Metcalfe:** May I know, Sir, whether my objection has been taken note of?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot allow the remark made by the Honourable Member, Dr. Khan Sahib, to be expunged from the record, but the Honourable Member, if he wishes to correct any misrepresentation that has been made, is at liberty to do so when he intervenes in this debate.

**Sir Aubrey Metcalfe:** My objection is this. So far as I understood the Honourable Member, he stated that the Chief Medical Officer, North-West Frontier Province, was prepared to give a false certificate if he was paid enough to do so. That is the remark that I object to, and I think it is a remark which ought not to be made.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not think it heard him say that.

**Sir Aubrey Metcalfe:** He said that the Chief Medical Officer was prepared to give a false certificate, if he was paid enough to do so.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair will look into the speech and if it finds that the Honourable Member has made that remark, then certainly, the Chair will expunge it.

**Dr. Khan Sahib:** I say, Sir, what I have said is absolutely true and the Honourable the Foreign Secretary knows it.

**Mr. M. Asaf Ali** (Delhi: General): Dr. Khan Sahib referred to a Chief Medical Officer. He had only a particular person in mind.

**Mr. President** (The Honourable Sir Abdur Rahim): If any such allegation was made by the Honourable Member, the Chair will look into it later.

**The Honourable Sir Nripendra Sircar:** Whether that is relevant or not, I leave it to you. If it is absolutely irrelevant, then, why should it stand?

**Mr. S. Satyamurti:** I have read May to some purpose; and, if any Honourable Member objects to any word or phrase, you have the right to ask the Member to repeat what he said, and then give your ruling.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has given its ruling. If the words are such as to bear the interpretation which has been put upon them by the Foreign Secretary, then, in that case, the Chair holds that those words ought to be taken out.



**Mr. S. Satyamurti:** I hope you will give us a chance. If those words are objected to, I ask you to hear both sides and then give your considered ruling.

**Mr. President** (The Honourable Sir Abdur Rahim): If the remarks referred to by the Foreign Secretary were made, then they cannot be allowed to stand.

**Mr. S. Satyamurti:** You do not now know what are the remarks.

**Mr. President** (The Honourable Sir Abdur Rahim): That that particular officer gave some certificate on being paid.

**Mr. S. Satyamurti:** He did not mention any particular officer by name.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has given its ruling.

**Mr. Mathuradas Vissanji** (Indian Merchants' Chamber and Bureau: Indian Commerce): Mr. President, in commenting upon the general budget of the Government of India for 1936-37, I must commence by a tribute of welcome and admiration for the statement presented by the Honourable the Finance Member, Sir James Grigg. By a combination of circumstances and good fortune, Sir James has been able to present a budget with a substantial surplus, which is not unique in the series of years for which he has to render an account; and in the disposal of which some of the important and crying needs of the country have been served, for which every reasonable heart must feel grateful.

While offering this meed of congratulation to the author of the budget, I must not omit to state that I cannot agree with all the reasoning and principles underlying Sir James's budget statement, and much less with the implications of some of his observations. The surplus seems to be repeating for three years in succession; and each time the original estimate for the surplus of the same year has been exceeded by the revised estimates or the final accounts for the same period. This fact alone indicates that Sir James is a cautious and conservative estimator who confronts us each time with the agreeable surprise of finding each time his own expectations bettered.

**Mr. S. Satyamurti:** He works for it.

**Mr. Mathuradas Vissanji:** Yes. Nevertheless we cannot agree to the belief, implicit in the statement, that economic recovery has definitely set in; or that the policy of Government in adhering to sterling and permitting gold exports without restriction was the wisest and the most beneficent course that could have been devised. We cannot see, from the Index Numbers published by Government themselves, that there is an appreciable rise in the general price level, or in the level of prices of the commodities in which India is most vitally concerned. Nor do the Trade Returns of the country, issued from month to month, indicate that healthy and substantial improvement in the country's exports, which alone can spell a real recovery in the depression that is still hanging like a pall upon the country's collective economy. In the absence or weakness of these indices, we can scarcely regard the state of our national



crores in the standard of values in 1923-24 and should be the maximum that ought to be spent on this unproductive item (Hear, hear); and they recommended further economies as and when prices slumped. There is no real reduction in the defence budget even though prices have slumped so heavily and judging from some of the recent pronouncements of our highest military authorities, we may even have to face an increase in this department in the near future. This matter will, I have no doubt, receive the attention of other elected Members, in so far as this House is entitled to express an opinion on that expenditure. I am, however, concerned to mention it only to emphasise that, in the most considerable of the spending departments, under the Government of India, there is no sign nor hope of economy or retrenchment despite the incessant demand of the country for such economy. (Hear, hear.)

Not the same remarks could be made, I admit, for the other unproductive head of expenditure relating to the debt charges of the Government of India. There has been some reduction in these charges. This is due to circumstances for which the Government of India can scarcely take exclusive credit. Nevertheless, it constitutes a relief for which the country may be grateful. Our gratitude will, of course, be tempered by the fact that, in other countries, they have ordered such matters much more beneficently for the community collectively. We can also be not unmindful of the fact, that the present surplus in the general budget of the country is due, in no small measure, to the cutting down of the provision for the reduction or avoidance of the debt, which may not really appeal to a conservative financier; and which, look at it how you will, exposes our general finances and credit to a risk, that cannot be underestimated in any thoughtful eyes.

With such a state of our aggregate finances, and with this condition of the national economy, collectively considered, it is impossible for us to feel an unmitigated satisfaction with the budget proposals of the Honourable the Finance Member. The very fact that he is himself disposing of substantial portions of the surplus, in this and the last year, in the shape mostly of non-recurring outlay, ought to be sufficient index, that, in his own judgment, improvement in the financial position of the country is neither so real nor so lasting as to admit of any relief or sacrifice, which might mean a permanent benefit to the vast masses of the people. I shall come to the tax-relief proposals in the next year's budget in a minute. But here I must observe, that, while not dissenting from the Honourable the Finance Member, in his proposed grants for construction of buildings in Sind or Orissa, in his provision for making up the earthquake damage at Quetta, in his creation of a revenue reserve fund for the benefit of the provinces in their new career of autonomy, or in his appropriation for rural reconstruction, one cannot but feel these very gestures are indicative of a lurking uneasiness in the innermost financial conscience of Sir James Grigg, which precludes him from relaxing on the income side very materially. Add to this the fact that many of the leading provinces are living from hand to mouth, or making both ends meet, either by starving nation-building services in their charge, or by maintaining taxation at a crushing level, and you will see, Sir, without any difficulty, that the financial position of the country is not so satisfactory as the present budget might lead one at first sight to believe.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Give Orissa the same income as Bombay, and I will be satisfied.

**Mr. Mathuradas Vissanji**: Very well, you try.

**An Honourable Member**: Orissa is an excluded area.

**Mr. Mathuradas Vissanji**: I now come to the proposed changes in taxation announced by the Finance Member. I must, at the outset, compliment him on his having seen his way, though tardily, to grant the reduction that he has at last conceded. The raising of the minimum of income liable to taxation to Rs. 2,000 is a benefit to the poorer section of the country's middle classes, which, I am sure, will be widely welcomed and truly appreciated. The reduction in the surcharges on income and supertaxes will, similarly, be gratefully acknowledged by the section of the community benefiting from such changes. That section, though numerically small, is not the least important in the community bearing the tax-burdens of the Government. This relief, therefore, to that very highly taxed section of the country, must be thankfully acknowledged by every representative of that section. At the same time, I cannot omit to point the attention of the House to the still unfulfilled promise of Sir James's predecessor in office about permitting the mercantile community to average their incomes for three years, as they do, I believe, in Britain, and be made chargeable to the tax on that average.

**The Honourable Sir James Grigg**: No, they don't do it any longer.

**Mr. Mathuradas Vissanji**: This is a most urgent reform, which the canons of justice as well as economy demand immediately for the benefit of the mercantile community; and so long as the Finance Member cannot see his way to offer this concession to an overburdened section of the community, I am afraid, appreciation of the concessions already made will be tinged by a sense of disappointment on this account. I trust the Finance Member will not feel it too late, even now, to make this further concession, by suitable amendment of the Finance Bill, or the Income-tax Act; and so not only earn the lasting gratitude of the commercial community, but contribute materially to the general betterment of the taxation system and of our national economy. I am aware, indeed, that a Committee of experts is sitting to overhaul the whole system of taxation of income; and pending their recommendations, perhaps, the changes I have mentioned may not be advisable to effect. If so, I would be satisfied if the Honourable the Finance Member would give an undertaking that the points I have made will be borne in mind, and that reform on the tax system on those lines will claim his attention at the earliest moment.

I have already referred to the reduction in the postal rates. While welcoming the slight changes proposed by the Finance Member, we cannot forget that the postal rates still continue at a disproportionately high level, and act as deterrent to the spread of education and the development of commerce. In view of the surplus shown, which, if we may trust the experience of the present and the last year, may quite possibly turn out to be much greater at the end of the next year, I cannot consider that the reversion to the  $\frac{1}{4}$  anna postcard, and reduction in the bookpost rates

to a minimum of  $\frac{1}{4}$  anna for packets of five tolas or less, would really affect materially the revenues from this department, or reduce the surplus to an unpermissible extent. It has been my long standing conviction that the financial authorities in this country do not appreciate fully, in making such charges, the intrinsic truth of the economic laws of increasing and diminishing returns. Reduction in the postal rates will, I feel convinced, stimulate business and correspondence to such a degree as materially to counterweigh the loss that may initially be apprehended by the lowering of the rates. I would, therefore, earnestly impress upon the powers that be to take this point immediately into consideration, and afford reduction in the postal rates before the Finance Bill becomes law at least to the extent I have mentioned above.

With the relief in taxation already given, and fully acknowledged above, it might seem ungracious to add that one very important item of taxation, in which the whole population of the country is concerned without reference to their taxable capacity, receives no relief. I refer to the salt duty. It is the one article of universal consumption, which the rich and the poor have to use alike, and the present scale of duty on which falls with disproportionate weight on the poorer consumer—which means 90 per cent. of our people. We cannot concur with the Finance Member in his neglect of this important item of taxation and I trust he will find it possible, at an early date, to afford this much needed relief to the most considerable section of the community.

I have very little to add on the ways and means section of the budget statement. I find the wisdom of withdrawal from the loan market by the Government of India in the coming year somewhat questionable, especially when one recollects the extremely low rate of interest, and the obligations likely soon to arise of a capital character upon the Government of India. I would, likewise, offer no observations on certain *obiter dicta* of the Finance Member which refer to the fundamental, fiscal or economic policy of the country, for the voice of the country has been declared, on those issues, in no uncertain terms, however much Government may affect not to perceive that. On the whole, Sir, while recognising and fully appreciating the more liberal features of this budget, while complimenting the Finance Member on having produced even an appearance of prosperity, and reduced taxation, I would be failing in my duty if I did not draw his attention and that of the House on certain omissions in the budget proposals which will be warmly criticised in the country.

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Mr. President, one who does not know how to handle figures properly cannot be expected to make any illuminating contribution to the discussion of the budget. But as the general discussion on the budget is not confined only to the domain of figures, but it affords an opportunity for giving expression to views upon the general policy of the Government of India, I would utilise this opportunity for making a few general observations. The Honourable the Finance Member seems to have been endowed with good fortune, for, we find that, in the very second year of his office, the general financial conditions in the country are showing signs of improvement. Under several heads of income we find that there is an excess in the actual figures over the anticipated yield. Therefore, it

[Sir Muhammad Yakub.]

would not be a mere formality if I were to congratulate the Honourable the Finance Member over the budget which he has placed before the House.

My Honourable friend, Sir Homi Mody, is reported to have said that this budget was only a bad one and not a very bad one. From the point of view of my Honourable friend, Sir Homi Mody, the budget would have been a good one if all the surplus, which has been earmarked for the economic development of rural areas, had been given as a bounty to the Tatas and to other business concerns in which my Honourable friends, Sir Homi Mody and Sir Cowasji Jehangir, are personally interested. On the other hand, the Honourable the Finance Member cannot avoid the fury and condemnation of my Honourable friends, Prof. Ranga and Mr. Joshi, unless he stops all the expenses on the army and reduces all the salaries of all the Government servants to one-fourth of their present emoluments; and the savings thus achieved are spent in giving doles to labourers whenever they come out on strike if they are compelled to work for more than two hours a day, unless he removes the salt tax and reduces the price of postcards and makes them available at four for one pice, and the remaining balance of the surplus is spent in providing luxuries of all sorts to political prisoners.

**An Honourable Member:** Will you then come with us?

**Sir Muhammad Yakub:** I am even now ready to join your ranks provided you remain firm where you are at present. I do not believe in starting one programme today and suspending it tomorrow.

That being so, there can be no wonder that the budget, which has been presented by the Honourable the Finance Member, cannot find favour with any section of the House. I am very glad that Government have at last devoted some attention towards the economic development of the rural areas. The greatest hindrance in the way of our salvation is the vast margin of difference between the educated classes and the lower strata of our society. I am perfectly confident that the small number of educated classes in our country are quite fit to take the administration of the country in their hands, but a majority of the population living in the villages are, at least, two hundred years behind the times. Under the present conditions, to increase the franchise means giving sword in the hands of children. Therefore, the problem of the improvement of the people in the rural areas must occupy the first and foremost item in the programme of our national progress. I should like to see that the money spent on the development of rural areas is spent in such a way that it would bring useful and advantageous results and not wasted away on mere showy programmes and propaganda work. The problem of the improvement of the rural areas, in a vast and huge country like India, is a very difficult and intricate one. Instead of spending small sums of money on vast areas, which, like a slight shower of rain, cannot produce any good result, I would suggest that each province should be divided into smaller areas or localities.

**An Honourable Member:** Like Moradabad, for instance.

**Sir Muhammad Yakub:** Yes, Moradabad should come first, because it is one of the foremost agricultural districts in India.

**An Honourable Member:** Because it has produced a Knight.

**Sir Muhammad Yakub:** No doubt it has Knights, but it also gives lights to those who remain in darkness and thus deceive their own conscience. I was submitting that larger sums of money should be spent on smaller areas in such a way that, when one area is completely equipped, then a beginning should be made with another. In this way, instead of doing half done work in vast areas, the gradual progress of the whole country would be ensured. Sir, while I would like very much that expenditure on rural areas should continue and should be increased as much as possible, I cannot at the same time approve of the policy of the Government of India in treating education in a step-motherly fashion. We know that the cuts on the salaries of Government servants were removed as soon as even hazy signs of improvement appeared, but the cuts on the educational institutions of India still remain unremoved; and it is a great stigma on Government, which boasts of being a great friend of education and a lover of science and learning. For the last two years, we have been placing, very clearly, before Government the financial position of the Aligarh Muslim University, but it seems to me that, in spite of all our efforts and entreaties, Government have turned a deaf ear. When a reduction was made in the Government grant to the Aligarh Muslim University, we made a proportionate reduction in the salaries of the staff of that University; and, although the cut on the salaries of Government servants has been removed, we have not yet been able to remove the cut on the salaries of the staff of the Muslim University. I hope Government knows that it is not good to run an institution with a dissatisfied staff. I, therefore, appeal to the representative of the Education Department in this House,—whom I wish to take this opportunity of congratulating on the very learned address which he delivered at the convocation of the Muslim University,—to come to our rescue and recommend that immediately the cut on the grant to the Muslim University should be removed.

Sir, two years ago, we accepted the proposal of Government for levying an excise duty on the sugar manufactured in this country. On that occasion, Honourable Members of this House laid great stress on the fact that, when this Act comes in force, it should be acted upon with great care and precision. But I very much regret to note that, as regards the *modus operandi* of this Act, there are great complaints and criticisms in my province, which is one of the largest sugar producing areas in the country, with the result that I understand that some of the smaller factories were closed on account of the hardship which was entailed upon them on account of the manner in which the sugar excise duty was levied. I hope the Government of India will not fail to institute an inquiry into the matter and will try to redress the legitimate grievances of the sugar manufacturers in the United Provinces as soon as possible.

Sir, along with other Honourable Members who have spoken in the House, I am also glad that although the Finance Member has made a very precious gift to his "favourite wife", the capitalists, yet. . . .

**An Honourable Member:** They are his masters.

**Sir Muhammad Yakub:** The wife very often becomes the master.

[Sir Muhammad Yakub.]

I am glad that he has not altogether forgotten the lot of the middle-class taxpayer and has been able to remove at least some burden from his already over-loaded back. I also note with satisfaction that a source of every-day annoyance has been removed by raising the weight of the one-anna letter. It was a source of great irritation every day to pay two pice on bearing letters, but I hope it will also be possible for Government to reduce the price of postcards to two pice.

Sir, the other day, in moving his cut on the railway budget, my Honourable friend, Mr. James, started a discussion on the question of the reshuffling of the portfolios of the Government of India. On that occasion, I remarked that that was a matter which ought not to have been discussed on the occasion of the limited scope of the railway budget, but it is a matter which ought to be discussed on this occasion. Sir, my own opinion is that the present departments of the Government of India have worked satisfactorily under the constitution for which these departments were made, and I think it would be extremely unwise and improper to make any reshuffling of the portfolios on this occasion. With the introduction of the new reforms, the Executive Council will be replaced by a Cabinet, and a more or less responsible Cabinet, and I think the question of the reshuffling of portfolios may properly be taken up on that occasion.

Sir, before I conclude, I should like to sound a note of warning to Government. We find that the whole of Asia is in a ferment today. The political horizon all round is beset with dark clouds of war, and every nation in the world, without any exception, is making great preparations for a bigger world war in the name of peace. With our vast land and sea frontiers, it is necessary that India should not lag behind in her preparations for the defence of the country, and that, when the occasion arises, the safety of our country should not be imperilled in any way.

**Mr. S. Satyamurti:** Long live Mr. Tottenham!

**Sir Muhammad Yakub:** People from Southern India, who do not know how to wield a sword or a gun, talk with their tongue in their cheek when they speak of a military programme.

**Mr. S. Satyamurti:** We have to pay for it.

**Sir Muhammad Yakub:** You do not know how to wield arms, and, if you want others to come to your rescue, you will have to pay.

Sir, I have now finished my observations.

**Rai Bahadur Seth Bhagchand Soni** (Ajmer-Merwara: General): I am really thankful to you, Sir, for giving me this opportunity to speak in this House today. It is a happy coincidence, Sir, that in my very first speech in this House I have to offer my felicitations to the Honourable the Finance Member for the very clear, lucid and frank statement of the finances of the Government of India that he has presented to the House. The very satisfactory and agreeable surpluses shown by him in the last two years and the expectation of a further surplus during the next year speak for themselves and we hope that, in years to come, we shall hear more about the reduction in heavy taxations with the upward



trend in the revenues of the Government. The abolition of taxes for incomes below Rs. 2,000 has been a very great blessing to middle class people and will be much appreciated by them. I am grateful to the Honourable the Finance Member for reducing the surcharge on income-tax but he could have entirely removed the surcharge and thus satisfied the mercantile community.

Sir, the results of the working of the Posts and Telegraphs Department show a fair profit which is quite satisfactory in view of the fact that this department was working at a loss for a number of years. I welcome the one anna a tola envelope though the rate of half an anna for every additional tola cannot be looked with favour as it means that we shall have to pay two annas for an envelope weighing  $2\frac{1}{2}$  tolas instead of  $1\frac{1}{2}$  annas under the present rate. I am sorry that the long looked for reduction in postcards has not materialised, as such reduction would have been a great boon to the poorer classes who use postcards very largely. The telephone rates for trunk calls are also very high and the mercantile community have been long expecting a reduction in the rates. I fully believe that, if the rates are reduced, there will be an increased traffic, and the result will be enhanced revenues.

Sir, the great interest which the Government of India have evinced in the economic development and improvement of rural areas and the allotment of such a large sum of money as  $8\frac{1}{2}$  crores of rupees for the purpose in the course of two years have won them the admiration of the masses. The Provincial Governments are busily engaged in the preparation of schemes for the utilisation of the money allotted to them from the rural development fund according to the needs of the people of the locality in the different provinces, and there is no doubt that, when such schemes are completed, the people in the villages will be greatly benefited.

In the very little time at my disposal, Sir, representing as I do the small province of Ajmer-Merwara, I would very much desire to say a few words about the financial position of my own province rather than dilate upon the details of the budget generally. The demands for grant for my province are rarely discussed owing to the procedure adopted in the House and I will have to take this opportunity to refer to the very unsatisfactory treatment that is meted out to my province. I would not hesitate to say that Ajmer-Merwara does appear to be a step-child of the Government of India. Other Centrally Administered Areas have been so generously provided with substantial grants, and their educational, medical and sanitary requirements have always been given greater preferences. I cannot too strongly stress the necessity of giving a favourable attention to the needs of my province.

Sir, the unsatisfactory medical and sanitary conditions of my province have been placed before the House from year to year, and nothing has been done so far to improve them. The sanitation and public health of the rural areas is very deplorable, and still unfortunately we have no public health department in the district. The hospitals in the province are poorly equipped and the lack of facilities for the treatment of poor people well deserve the consideration of the Government. Medical science has made remarkable progress during the recent years, but Ajmer-Merwara is denied the benefit of any improvement in this respect. The Annual Reports of the Victoria Hospital in Ajmer and other hospitals

[Rai Bahadur Seth Bhagechand Soni.]

in the province have been constantly complaining about the paucity of funds for providing amenities for the ever increasing number of patients, and, if the Government had paid even a little attention to our wants, this disgraceful state of affairs would not have continued. The X-ray equipment of the Victoria Hospital, Ajmer, is hopeless. We have no adequate provision for treatment of eye diseases or infectious diseases which further necessitates the attention of the Government.

In education, we have still a very much sadder tale to tell. Girls' education on which Government spend so much in the Delhi District has not received any serious attention. Sir, in the whole of the province, there is only one non-denominational girls' high school. The state of affairs there too is far from satisfactory for want of funds. And, if no timely help is given, this institution will collapse. Their representation for grants for building improvements have been either turned down or only evasive replies given.

Compulsory primary education has not been introduced into the province notwithstanding the fact that its need has been strongly felt for years.

There is absolutely no provision for technical or engineering training in the province, and the students from this province find it very difficult to get admission in institutions of other provinces. Sir, students wishing to get medical education are also denied these facilities as there are no such institutions in Ajmer-Merwara, and medical schools and colleges of other provinces refuse admissions to our students. There is no agricultural department in the province and there has been no scheme to ameliorate the conditions of the agriculturists.

Turning to the sanitary and health conditions in Ajmer, we find again the same apathy and indifference by the Government. The health of the people in the district is far from satisfactory. The death-rate is increasing. The water supply extension and town-planning proposals and drainage schemes have long been under the consideration of the Government, but no decision has been taken. The water supply of Ajmer has been declared by the medical authorities quite unfit for drinking purposes, this being very dirty and unfiltered. For all these schemes the municipality had approached the Government for special grants and loans. Whereas the Government spend lakhs and crores of rupees for Delhi, poor Ajmer suffers like a dumb animal which cannot voice its grievances. The amount of the Petrol Fund which is allotted to Ajmer is also quite inadequate for the improvement of roads and lanes. The roads in the City require widening and footpaths are necessary for removing heavy congestion in traffic.

Similar unhealthy conditions prevail in the Beawar municipality, and there too schemes for improvement cannot be taken in hand without substantial help from the Government.

And when I find that revenues of the district are increasing and when other provinces have been granted subventions and special grants, Ajmer-Merwara has not been permitted to spend even its own surplus. May I ask, Sir, the Finance Member to be generous enough to spend this surplus of Ajmer-Merwara in the province? The budget figures for Ajmer-Merwara show that the total receipt for the year 1936-37 in all

heads would amount to Rs. 20 lakhs, whereas expenditure is Rs. 16.75 lakhs, excluding, of course, interest on debts and pensions which expenditure cannot be really debited to Ajmer.

Ajmer is an important place in Rajputana, both historically as well as being a sacred place of pilgrimage for Hindus and Mussalmans. With its beautiful surroundings and a delightful climate, it could have been made a healthier and pleasanter resort if the Government had shown a sympathetic attitude towards its needs. It is a pity that the Honourable Members of the Government of India have not taken trouble to visit this place, and, had they done so, I am sure, the state of affairs would have been quite different. They would have seen with their own eyes the real state of the province.

I may, in the end, add a few words about the political status of the province. Although Ajmer-Merwara has been given the right to elect one Member to the Council of State and one to the Federal Assembly in the new Reforms, there is no Council for Ajmer, and the province suffers from all drawbacks which Centrally Administered Areas are likely to. We can well say that the status of Ajmer is just that of an excluded area, although the Government would not admit it. So, under these conditions, we can never hope to have Provincial Autonomy or control in the administration of the province. Delhi has about the same population as Ajmer-Merwara and is much smaller in size, yet Delhi will have two Members in the Legislative Assembly. Coorg, of half the size of Ajmer-Merwara, and having less than half the population of my province, will have a Legislative Council. New Provinces of Sind and Orissa have been created and other provinces are also advancing.

I would, therefore, urge upon the Government, with all the emphasis at my command, to satisfy the aspirations of my constituency for participation in the administration of the province, and, if a full Council is not practicable, some other machinery may be devised to give the people some hand in the administration.

With these words, Sir, I now conclude my speech.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I take this opportunity to congratulate the Honourable the Finance Member for having once again presented a surplus budget of about five crores, which includes 2.42 lakhs for the current year. The presentation of the budget is always looked with anxiety and suspicion in every country, and specially in this country where the people are always pessimistically nervous about fresh taxations. That has been the story of the budget till a few years back: it is only since 1934-35 that no fresh taxations have been proposed or included. Of course, the relief given in the budget for income-tax by increasing the limit of taxable capacity to Rs. 2,000, instead of Rs. 1,000, and by way of reduction of surcharge from  $\frac{1}{3}$  to  $\frac{1}{12}$  is greatly welcomed in business circles particularly. I must confess to a feeling of surprise at the remarks made by my Honourable friend, the Deputy President, in his speech today that "the budget is neither genuine, nor reveals a substantial truth". If jugglery of figures is to be attributed to Sir James Grigg, why should not the same have been done by Sir Muhammad Zafrullah Khan when he presented the railway budget. Sir Zafrullah could also have produced a surplus budget by such jugglery as is attributed to Sir James. As I remarked in my

[Mr. Muhammad Nauman.]

speech on the railway budget that the business world definitely thinks that the depression in trade is at an end, so I do again say that that end is real. This is borne out by the remark of Sir James Grigg in his budget speech when he says:

"The recovery in India's economic position had set in more strongly than could have been foreseen a year ago—a sure sign of increasing prosperity."

Why the railways have not recovered from their chronic disease of deficit budget is a surprise to people who are concerned in the trade of this land: probably it may be said that there did exist some other reasons besides the depression which are not making railways self-supporting organisations. Had the general budget not been separated from the railway budget, we would certainly have been just quits. The Honourable the Finance Member would not have been in a position to give relief to the poor by way of "Rural Development Schemes".

Having my practical connection with the commerce of India and being connected with different Chambers of Commerce in some capacity or the other in India and different countries, I think I am in a position to say that India's economic position today, as surveyed by the Honourable the Finance Member, is distinctly on the side of recovery and prosperity. Mr. Datta, in his speech today, said that this seemed absurd to him. With all due respect to him, may I inform him and the House that the theory of recovery in the trade does not depend on the prices so much, but on the volume, on the gross turn over, on the total consumption and on utility of stock, on an average, with world's parity prices. In this connection, I may also add that the depression in prices cannot mean to exist if the same is levelled on the basis of world's parity prices, that is, if the prices in other countries have also gone down on the same level as here, and that if the ratio of decrease is maintained and balanced.

We notice in the budget an increase in jute and jute fabrics as well, and this is a good sign and it confirms the fact that India's trade in all commodities has improved. Jute is considered as one of those commodities which have relative utility: that is, they are not of any particular staple use by themselves, but are a collateral commodity for the use of trading in all other commodities and materials. I may further explain that we require jute and jute bags for packing and repacking goods to stand transit, and unless business moves, jute goods cannot be in good demand at all, and this is one of the many signs that the world is recovering from the depression which set out in 1929. If we do not export our grains, skins, cotton, oilseeds in gunny bags and if we do not import our motor cars, machineries, hosiery and other things, we do not require jute hessians at all, and all these facts confirm my statement.

One of the Members on the Opposition Benches remarked that broadcasting is a means of propaganda and is utilised by the officials for the purpose of British Raj propaganda. I do not want to deny that it might not have been used for such purposes: but if this theory is adopted, then telegraphs, telephone and railways are all means of keeping the British Government here in power, for transmitting messages and moving troops to different parts of the country, and giving timely check to any rising or propaganda that may set in here and these should, therefore, be as much condemned as broadcasting. I do not know what we would have said if we had been denied broadcasting. I do not say that we should

never oppose the Government, but we should oppose only where it is proper. Let me once again congratulate the Honourable the Finance Member for his great sagacity in understanding the commercial need of India . . . . .

**Mr. B. Das:** What are the particular items you want to oppose at all?

**Mr. Muhammad Nauman:** None at this moment. If there were any such subjects, I would not hesitate to oppose him. But I do not oppose him in season and out of season. He has not given relief to industries, and I must complain of this part: he should not have given money only to rural development: there should have been something done for industries as well; I will try to touch that point in my speech later on if only Honourable Members will give me a patient hearing.

I congratulate the Honourable the Finance Member on the allocation of over a crore of rupees for rural uplift. This is really very much appreciated by everybody; but I agree with Sir Ghulam Hussain Hidayatallah that the method of distribution should not be imperial and it should not entail such top-heavy expenses, otherwise, the whole purpose of rural uplift may be defeated. When discussing this point, I am driven to agree with Mr. Datta when he said today that our industries have been absolutely neglected and that the Honourable the Finance Member should have come to their rescue in a country where unemployment is gaining ground every day. Sir Muhammad Yamin Khan has also pointed out this aspect of the need of the country. India is an agricultural country, and, if a little impetus is given to industry by way of protection and also by way of subsidies, it would relieve a lot of unemployment in the country. Government give no subsidies to industrial programmes, and, if I am allowed to say so, neither do the banks in India give facility. In foreign countries, what Governments do is to give protection by way of high tariff duties and give subsidies by way of grants or loans. Here, instead of giving any support, the foreign banks rather look with contempt if any such programme is placed before them. In countries like Japan, Germany and America, Governments first give them protection and allow them subsidies in the form of loans, either on low interest or free of interest. Had it not been so, probably they would not have been able to build up their industry to the extent they have done, either in cotton or other articles. In those countries, the banks advance money and the working capital against the hypothecation of stock and machinery. But, in India, all this is neither encouraged by Government nor supported by foreign bankers, and all the merchants are placed in a helpless position. I think it would have been just possible to divide the money allocated to rural uplift in such a way that industrial development should also share some part with rural uplift. For the reason of the political barometer not being consistent, the economics of the country should not be made to affect adversely. Political unrest is sometimes the result of economic difficulties in any country. Regarding protection as a practical suggestion, I may urge that the Government should help cotton, silk and other industries by raising still higher and bigger tariff walls against the import of those things from other countries. I know the great sagacity of the Honourable the Finance Member, and I hope he will bring this to us in due course . . . . .

**Mr. B. Das:** What about the tanning industry?

**Mr. Muhammad Nauman:** I have not mentioned it particularly, but I think the tanning industry should receive the same support as the other industries.

I think the Honourable the Finance Member deserves to be congratulated for the great sagacity he displayed last year by abolishing the duty on skins. The result of this has only been that over one crore and 69 lakhs—exact figures are 1,60,72,716 pieces—of skins have been exported from this country, which is the highest figure exported since 1921. If Honourable Member wants to challenge it, I am prepared to produce statistics, which I only hold here in my bag.

Now, Sir, I will take the question of each trade and industry one by one if time permits me, and I will suggest such protections as may be necessary from Government. Last year, the Finance Member gave relief to the skin merchants by abolishing the export duty of five per cent. and this relief has made the position of the skin merchants more healthy. After the abolition of five per cent. duty on skins, our shipments have come to the highest figure within the last 16 years, and this is a clear proof of the fact that the abolition of this duty has been to the benefit of India.

Now, Sir, having expressed my opinion on the general aspect of the budget, I take this opportunity of placing my suggestions. I shall first deal with the Postal Department. I feel that the value of postcards should have been reduced to six pies. Even last year, the feeling of the House was definitely in favour of six pies. I do not agree with my friend, Sir Muhammad Yamin Khan, when he says that postcards are used mostly by businessmen. Postcards are used by the poorer rural people more than by any other sections. I appreciate the letter weight limit, and though the rural people do not make much use of the anna cover, still the benefit will be appreciated by the public at large. At any rate, the half anna postcard would have given greater and appreciable relief to the poorer people of this country and this would have made the budget popular.

Another suggestion I wish to make is about the reduction in the customs duty on the import of motor cars and petrol. Sir, motor cars are no more a luxury in any part of the world, and cars being a conventional necessity should not be taxed so much. On principle, the theory of taxing transport and means of transport is bad, and, specially, of such conveyances which form necessity in life.

Another suggestion I wish to make is,—and I agree with my friend, Mr. Mathuradas Vissanji, who just said that taking the world parity prices, 45 crores Army expenditure means 90 crores of 1922—24 and this should be reduced to the extent of about 80 crores, which will be in quite comparison with 65 crores of 1922—24.

Another suggestion is that the expenses on strategic lines, which are about two crores, should be met from the defence budget and should be under Army expenditure and not railways.

As regards the question of the ratio of 1s. 6d., I may submit to the Finance Member once again this year, through you, Sir, that this has always been opposed in commercial circles, and it is against the interests of this country. When discussing this question, I think it is my duty to suggest that an embargo should be put on the export of gold from this country, or at least big prohibitive duties should be levied so as to restrict the export of gold from India. From the budget we are not at all in a

position to see whether our imports have been balanced by shipments of gold or by our exports of raw materials. Sir, the world is returning to the "old theory of barter", commodities for commodities, and when the world is carrying on trade with this feeling, it is absolutely necessary that India should stop the export of gold and create a Reserve in the country and make up our trade balance by exports and imports of such commodities as we require in this country and of such commodities as we can afford to send out of this country. Fortunately, Sir, we are so placed that we can afford to balance imports by exports, as, among our exports, there is jute of which we hold a virtual monopoly. All the other countries have no substitute as yet for jute and are compelled to buy from India. The Bulk Handling system in Australia could not succeed as yet, and that is why, although we import very little from Australia, Australians buy our jute bags and sacks and their trade balance with India is not so satisfactory to them and is always in our favour. In the last conference I had with the deputation which had come to India from Australia to investigate into the possibilities of trade between these two countries, the conclusion was quite obvious that Australia could not afford to get on without jute and jute gunnies from India though they could not export so much goods from their country to India in order to balance their trade with this country. With these few suggestions, Sir, I again congratulate the Honourable the Finance Member on the surplus budget he has produced, and particularly on the relief he has given to the poor people by the reduction in the postal rate.

**Mr. Basanta Kumar Das** (Surma Valley *cum* Shillong: Non-Muhamadan): Sir, I thank you for giving me this opportunity to take part in the budget discussion of today. Sir, the budget of the Central Revenues is certainly a vast subject, but by the budgeted time of the House which requires every Member to finish his speech within twenty minutes, I feel very much handicapped as I do not feel competent to do anything like justice to this vast subject within the brief time allotted to us.

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

Sir, to my mind, the fact that the budget discussion gives us an opportunity to present our budget of grievances is a valuable right. When the Honourable the Finance Member delivered his learned budget speech, we listened to him quietly, but it was very surprising that when a page of that budget of ours was opened up and some of our grievances were being put before Government by our Honourable friend, Dr. Khan Sahib, it had a very irritating effect on the agents of the Government here. They felt irritated, they felt angry; but, Sir, this irritation and this anger on the part of the Government is welcome to us, because, Sir, we want their destruction, and, from the display they made of their anger, we feel that the rule of the moral world, which is summed up in a verse in the Bhagwat Gita, is in operation. That verse is:

*"Krodhāt bhavati sammoha,  
Sammohāt Smṛtibibhrama,  
Smṛtibhṛansāt buddhindha,  
Buddhindhāt pramasyati."*

[Mr. Basanta Kumar Das.]

That means: "from anger comes bewilderment, from bewilderment follows loss of memory, and from loss of memory follows loss of the capacity to distinguish right from wrong, and the loss of that capacity leads to destruction." (Opposition cheers.)

**The Honourable Sir Nripendra Sircar:** No one is more angry than you, and the quotation fits your head.

**Mr. Basanta Kumar Das:** I may be simulating anger, but I am not angry. Sir, I now come to the speech of the Honourable the Finance Member. He has no doubt tried to make his story of figures as attractive as possible, in order to show that the economic condition of India is improving, and his gifts from the surpluses are all no doubt meant to make that story attractive, but the figures, Sir, tell their own tale, and in spite of the attempt of the Finance Member to make his story attractive, the figures cry out that India is where she is and the talk of her prosperity is certainly a moonshine. For, Sir, the claim of the Finance Member that India is progressing economically is disproved by the state of the Railway Budget and the state of some of the provincial budgets. And what is our own experience also? We who are always in touch with villagers, the rural people, can very definitely assert that our experience is that there is no sign of any prosperity in the country. The debtors cannot pay their debts, the tenants cannot pay their rents, and there are innumerable people in the country who cannot have two meals a day even now. But, it has pleased the Honourable the Finance Member to claim that India is progressing. He can do so, because he has got a different object in view. He has described his speech as a story. No doubt, he has played the rôle of a story-teller quite well. It has been shown by some of the Honourable Members that he is also a juggler, and, at the end of his speech, he has also shown that he is a bit of a meteorologist. He can afford to do so and avoid the real rôle of a Finance Member, because we know that he is merely a bird of passage. He has been here for some years . . . .

**An Honourable Member:** Only two years.

**Mr. Basanta Kumar Das:** . . . and he may be here for two or three years more, but we want a Finance Member who will make the question of the prosperity of India his real concern and a live issue with him, and who will not leave any stone unturned for the purpose of devising ways and means to put India on the sure path of economic progress. Will that day come when we shall have a Finance Minister who will face the real problems of the country and look after the interests of its teeming millions?

What are his proposals in the budget, Sir? If we read those proposals and analyse them properly, what do we find? He has not at all budged an inch from the conservative policy of the bureaucracy. Last year, in my budget speech, I said that he had come fresh from England and that we expected a better outlook from him, but, being in the surroundings of the Government of India, he could not get over the poison of conservatism of the bureaucracy, which he has imbibed from his other colleagues in the Government.

**Sir Cowasji Jehangir:** Right or left? Which side does he get it from?



**Mr. Basanta Kumar Das:** Both sides. An analysis of the budget proposals would show that he has been niggardly in his gifts. He has allotted a big sum for broadcasting, but for cottage industries and for the improvement of agriculture he is only depending upon propaganda only.

**The Honourable Sir James Grigg:** That is not true.

**Mr. Basanta Kumar Das:** It is all truth. The immediate object of these gifts is for the Government to carry on propaganda.

**Sardar Mangal Singh** (East Punjab: Sikh): How did you get this information? From secret files? (Laughter.)

**Mr. Basanta Kumar Das:** And will he be able to deny that?

**The Honourable Sir James Grigg:** Certainly I deny that.

**Mr. Basanta Kumar Das:** But this denial is not based upon what has been placed before us in the budget proposals. He says that it is only technical advice and assistance for marketing arrangements which will be beneficial for the agriculturists. It is only an eye-wash, and what he really wants is propaganda. Although we do not know what the Government propagandist will do when he gives the so-called technical advice and assistance for marketing arrangements, but we can imagine the propaganda he will carry on. What is more disconcerting is that he has not been able to give up his policy of *laissez faire*. He has no definite plan, he has no definite programme for stimulating industries, trade and commerce.

**Sir Cowasji Jehangir:** When he does anything, you will complain. You will say that we get the benefit of it.

**Mr. Basanta Kumar Das:** If there is a genuine desire to stimulate Indian industries, commerce and trade, we shall welcome it. There is no definite plan, no definite programme. Although the Railway Member complained the other day that, if the railway finances are to be improved, India should be made self-sufficient, what is the plan of the Finance Member to make India self-sufficient industrially, agriculturally and commercially? He is proceeding only on the conservative policy which is consistent for the purpose of keeping up British domination on India, and he has not the desire to tackle the real problems that affect the masses. For the co-operative department he allotted a paltry sum of Rs. 15 lakhs last year. There has been no allotment this year, but I submit that when in the provinces we are getting moneylenders' Acts for helping the debtors, this co-operative movement should be brought up on a sounder basis and should really be effective in the villages so that debtors may get proper relief. Then, as regards deficits in the provinces, the Finance Member has paid no proper attention to it. Mr. Deputy President, you claimed a portion of the jute duty for Bengal and you are not satisfied, because an adequate allotment has been made from that duty. Coming as I do from Assam, I also claim that no attention has been paid to the claims of Assam on the petrol duty. His Excellency the Governor of Assam very pithily remarked on one occasion: "The sheep grows wool, but others enjoy it". That is exactly the case in Assam. The Government get a very

[Mr. Basanta Kumar Das.]

big income from the petrol that is produced in Assam, but she is deprived of a legitimate share of that income. Sir, with these few words, I resume my seat.

**Seth Haji Abdoola Haroon** (Sind: Muhammadan Rural): Mr. Deputy President, I want to make a few observations on the general budget. For the last two years, the Honourable the Finance Member has been lucky enough to have surplus budgets, and he has come forward with a broad mind and open heart to distribute the surplus.

Last year, I said on the floor of the House that he estimated a very small amount for the sugar duty. I am glad, today he admitted the fact, and he gave many reasons for the improvement in the sugar import duty. However, I must say that it is very satisfactory to me that he has distributed the amount rightly. In the first place, he gave 30 lakhs to the Imperial Agricultural Institute. That is a very good grant and very beneficial to India. Many Honourable Members have wanted help and subsidies to be given to industries. In my opinion, India's main industry is the agricultural industry, and if the Government will support its improvement, it will be very beneficial to the country. Besides, I am glad to find that he gave from that surplus 45 lakhs of rupees to Sind and Orissa for their buildings. Both the provinces are very poor. The Honourable the Finance Member said very rightly that, if these provinces are given a loan, they have to pay interest and again get subvention, thus putting money from one pocket to another. I must say here that the Finance Member knows very well that the Government of India have appointed an engineer in Sind to find out the condition of the roads, and that that engineer has already submitted his report to the Government of India, but, for the last two years, the Government of India have done nothing. I find that there is no grant for roads in Sind. I hope the Government will consider it very soon and give that grant for the roads.

I do not want to go through each and every item of the budget, but I may say generally that the present policy of the taxes should be considered very seriously, and I hope it will be revised according to the present circumstances and conditions. At present you will find many schools of thought springing up in the country. You may call it Socialism, you may call it Communism or you may call it Bolshevism. These ideas are spreading in the country, and it is time that we revised the scheme of taxation. In my opinion, the taxes should be levied on the capitalist and middle classes, and not on the poor classes. I find that the main income of the Government of India is from customs and I also find that that comes from direct taxes on the poor. You see there is eight crores and 75 lakhs from salt, two crores and ten lakhs from match excise and four crores and 60 lakhs from kerosene oil. I think all these taxes are derived from the poor people. Reduce these taxes and put these on the well-to-do who can bear these. About the subvention to Orissa and Sind, the Finance Member says that the amounts are more than were originally anticipated, but, he says: "I do not think that they are framed on an over-lavish scale. They do not purport to provide any substantial margin for new schemes of expenditure", and so on. If that is so, I must appeal to the Government of India or Sir Otto Niemeyer to consider the position. If these provinces cannot get any good sum for their nation-building services, how can they improve?

**Mr. B. Das:** I agree with you.

**Seth Haji Abdoola Haroon:** Thank you.

Another point is about the Sukkur Barrage in Sind. I hope that point will also be considered by Sir Otto Niemeyer in his next visit to Delhi, because that is the amount already given by the Government of India on certain loans as money-lender.

**Sir Cowasji Jehangir:** Who pays interest on it?

**Seth Haji Abdoola Haroon:** Sind. That amount of interest is debited to the barrage account. The Bombay Government does not pay a single pie. Today the prices of the produce have gone down. When they started the scheme, they considered the prices to be very much, but today the position is quite different. If you want to get that money back, you must give relief to the people of Sind and make the barrage a success. My third point is about the sugar duty. The Honourable Member has considered the subject carefully, although still I find that the import duty on sugar next year might give 50 lakhs more. But, considering the present circumstances and the present crop of sugarcane in India, it might just be, if the crop were bigger and the sugar-mills could crush it more and more, not less than fifty lakhs; you must get fifty lakhs more in that way; and if my Honourable friend will be a little more active on the Kathiawar ports and with regard to the jobberies that are going on in the Kathiawar ports and other places, I think he might get something like, say, a crore or Rs. 75 lakhs of excise duty from sugar alone. I find, Sir, that, since the last three months, Kathiawar is importing little, and I imagine, on account of some pressure from the Government of India, the rebates which the merchants were getting in Kathiawar previously are now, I find, becoming less, and I hope the Honourable the Finance Member will watch the situation, so that all these kinds of rebates should be stopped in Kathiawar. There is one thing more, Sir, and that is this, that a pamphlet has been received by me from the Indian Sugarmill Association in which they have shown whether the sugar industry is prospering or not. Of course, I know very well that the present policy of the Finance Member is one of not much appreciating the protective policy hitherto adopted by the Government of India. Sir, whatever my Honourable friend's opinion might be, according to the information I have, I think that today the Government of India are getting, on account of protection, a customs duty of not less than twelve crores fifty lakhs in respect of different commodities,—and that in the shape of protective duty only. And this is a good sort of income. There is not only the protective duty, but the railway freight. Now, there are lots of people employed, and, in respect of income-tax and all sorts of these things, the Government of India are getting more and more of income than previously. Now, take the case of income-tax. We find an increase of about seventy-five lakhs of rupees in income-tax. What are the causes? I should have been very glad if the Honourable the Finance Member gave some causes, but in my opinion they are getting more income-tax, because more companies for sugar or some other things have been formed in this country and they are getting income-tax, not only from those companies, but also from the employees of the companies, because the companies are now deducting income-tax from their wages and handing that over to the Government.

**The Honourable Sir James Grigg:** Then they are making profits?

**Seth Haji Abdoola Haroon:** The companies may be either making profits or not, but, in any case, I have got here a list of companies who are deducting income-tax from the salaries of their employees and sending it direct to the Government. Then, of course, whether the policy of protection is right as we claim or not right as you sometimes think, in any case you are getting more and more money in this way than previously. Therefore, Sir, I say that it is a very wise policy that the predecessor of my Honourable friend adopted that the Government of India should give protection to Indian industries, and I hope the present Government of India and the present Finance Member will change their views very soon and will allow that protection policy to continue.

**An Honourable Member:** "Government" is the most paying industry.

**Seth Haji Abdoola Haroon:** Besides, Sir, I am very glad that the Government of India are paying one anna to the Provincial Governments from whatever they are recovering by way of excise duty from sugar. But I should like to suggest to my friend that he should pay two annas per rupee to the provinces, so that they can improve the quality of the sugarcane, and so that, within a few years, as, in fact, happened in Java, the provinces will commence to give help to the poor ryots to improve the quality and quantity of the sugarcane. In that case, the sugar can be sold very cheap and can be produced very cheap also. Sir, the members of the Sugar Mills Association are hoping and thinking that if the quality and quantity of the sugarcane can be improved, as happened in Java, then it will not be very far off when we Indians can ship our sugar, if not to all parts of the world, at any rate to England, and we hope we can ship our sugar there very soon. I believe they are already importing sugar to the extent of about 200,000 tons per year. So I suggest that, instead of one anna per rupee from excise duty, they should please give two annas to the provinces, so that they can improve the quality and quantity of their sugarcane in many of the provinces.

My last point, Sir, concerns Quetta. You know very well, Sir, that the Government have already decided that they have to re-build Quetta, and, for that, they have estimated about seven crores of rupees. I do not know, Sir—I am a lay man—high military strategic points, but I can say only this that I very seriously doubt whether it is advisable to spend as much as seven crores on that place. In my opinion, that is a very high standard of expenditure, in fact very very high, and I do not think it is advisable for the Government of India to spend such a huge amount on that single purpose, in the present position of the finances of the country. Sir, I do not know whether, in fact, seven crores of rupees will be enough or not, ultimately. According to the experience that I have of these estimates, I dare say that every year there will be more and more increase and the increases will pile up more and more, and I do not know whether ultimately it will not reach ten crores; and, besides that, the money required by the military authorities is always put up very high, and they are always spending that money without any regard to the country's position or the country's revenue or income or anything of that sort. But I would suggest to the Government of India that they should consider this point very seriously and should always strive to spend money up to, and never beyond, a certain reasonable prescribed limit.

In conclusion, Sir, I appeal again to the Government to consider the present circumstances and reduce the expenditure of the Government, whether on the military or on the civil side, so that they could give relief to the tax-payers. From my past experience, I can safely say that whenever a taxation is levied, it comes to stay. It is never removed afterwards. In this way, taxation is increasing every day, and, with it, expenditure is piling up. If this is the way in which the administration is going to be carried on, then, I am afraid, there is no salvation for the improvement of the condition of the people.

**Mr. Suryya Kumar Som** (Dacca Division: Non-Muhammadian Rural): Sir, so far as the question, whether this is a surplus budget or not, is concerned, I have very little quarrel with the Honourable the Finance Member. If he would be happy to term it a surplus budget, then, of course, I have no objection to call it so, but I must remind him that no credit for this surplus budget is due to him, because, all these high taxes, which were introduced in 1932, still continue to remain on the Statute-book. Therefore, it is nobody's credit to show a surplus budget with so many taxes. Sir, the Honourable the Finance Member in his speech said that India was showing signs of steady recovery and he says that the economic barometer is rising. I may tell him that the economic barometer might be rising; but the economic thermometer is certainly below normal. A man with a huge body might show a healthy appearance outwardly, but his internal condition might be rotten, he might have blood pressure eating up the vitals while maintaining a good appearance. That is the economic health of the people of this vast country. From the increase in the customs revenue, the Honourable the Finance Member thinks that the barometer is rising, but the internal condition of the country, the economic condition of the masses is very poor indeed, that is, the thermometer is below normal. But unfortunately, Sir, the condition of the masses was never good ever since the advent of the British, and, I fear, it will never be good so long as the British remain here for exploitation purposes. So much for the barometer and so much for the surplus.

Sir, the whole country is being emaciated and depopulated by malaria and by such other preventable diseases. The Honourable the Finance Member has sanctioned only ten lakhs of rupees to combat this scourge. The condition of Bengal, in particular, is very serious in this respect on account of the water hyacinth problem. I appeal to the Honourable the Finance Member that, in allocating money for village improvement next time, he will kindly consider the plight of Bengal and give special instructions to the Bengal Government to utilise the money for the eradication of this water hyacinth pest which has been admitted to be a dangerous source of spreading malaria. The Bengal Government, with the poor resources, have been trying their best to combat this pest for the past five or six years, but they have failed so far for want of funds. I, therefore, appeal to the Honourable the Finance Member to earmark some money for the eradication of this pest in Bengal. The removal of this water hyacinth problem will also come in the category of village improvement. Sir, the villages in Bengal are at present going to ruin on account of this pest which is destroying crops of the cultivators to a great extent. If the Government could drive out this pest, it would really benefit the masses for whom this grant of village uplift is made. I again appeal to the Honourable the Finance Member to give some thought on this point.

[Mr. Suryya Kumar Som.]

Sir, I submit that this budget is a rich man's budget. In this Assembly, for the last two or three years, all the Members were unanimous, all parties were unanimous that the price of postcards should be reduced to two pice. But we have failed then to convince the Treasury Benches of the justice of this demand which they now recognise. I think this stubbornness on the part of the Government is due to a certain disease in the bureaucracy. It is this. All these years the bureaucracy has not been in the habit of doing any good to the masses in this country. Owing to the clamour of the Members in this Assembly or of people outside, sometimes the Government are compelled to do some good to the people though unwillingly, as it seems. According to their habit, whenever they are compelled to do certain good for the poor, they take special care to do it with as little grace as possible.

The question of reduction of postal rates mainly falls under three categories. The weight question, the four-pice envelope and the two-pice postcards. If the bureaucracy should accede to the third, namely, the two-pice postcards, then the Government would be doing a thing which will have an universal approval and the people would be happy. The bureaucracy, it appears, won't do such a good thing for the people. When the Government are willing to take away some money from the postal budget, in order to give some relief to the taxpayer, why should they not do a thing which will be approved by all and which will be really beneficial to the masses. The Government have thought fit to change the postal rates in such a way that it will be more beneficial to the middle classes and the richer classes than to the poorer classes. There is another mentality on the part of the Government which I wish to bring to the notice of the House. Last year, this House, by an overwhelming majority, passed the motion reducing the postal rates, in which motion, so far as I remember, even the Members of the European Group joined. After that, everybody thought that the Government would accept the motion for reduction in postal rates. Curiously enough, the fiat came from the Governor General restoring the original rates. But, this year, the Government themselves want to give some relief at least in postal rates,—the very thing which they refused to do last year in spite of the overwhelming vote of this House. Because, if they had acceded to our request last year, the people would have thought that the Government had climbed down owing to the fight put up by the representatives of the people. The Government would never like to give such credit to this Assembly. So they did not agree last year. They could not encourage any such idea in the minds of the people. This year, the Honourable the Finance Member has come forward with a proposal for some reduction in postal rates, so that the whole credit might go to the Government. I have no quarrel there, but such mentality is not normal with any Government and should be strongly condemned. Then, Sir, I think it is not even too late for the Finance Member to reconsider the question of two-pice postcards, because, after this Assembly Session is over, when they will go to their respective constituencies, poor people will naturally ask them about the postcard. Sir, it is not a question of one pice with the poor cultivators, nowadays . . . . .

**Mr. Oowasji Jehangir:** Does the cultivator really use the postcard? That is the point.

**Mr. Suryya Kumar Som:** If they have ceased to use it, they have done so, because they cannot pay for it. When the price was two pice, about 20 per cent. of the cultivators did use it; now, as my friend says, even that 20 per cent. have ceased to use it. It is very difficult for my friend, Sir Cowasji Jehangir, to appreciate what one pice means to these people.

Then, Sir, there is another question in which I think the Finance Member has committed a mistake. I mean the sugar industry and the match industry. These two industries are new in this country. These ventures have been started for the last three or four years, and they have, no doubt, made some progress on account of protective duties. But, as soon as some progress is made for one or two years,—the industries still being in the nascent stage,—Government came down with excise duties. I think, that was a very improper thing to do. If the excise duty can be altogether abolished now, that would be much better. But if that cannot be done, some reduction of the excise duty should have been made when this budget shows that there is some surplus. That would indirectly benefit Government and much more benefit the Railway Department; and that would bring greater relief to the cultivators for whom I find the Treasury Benches are very anxious. The prosperity of the sugar mills means larger and larger production of sugar cane, and that means larger economic gain to the cultivators. The improvement of the sugar mills directly touches the cultivators. The grant of one crore or two crores, to be spent though for village uplift, will, I think, never touch the mass. From all these considerations, I would appeal to the Honourable the Finance Member to reconsider the question of excise on sugar and matches.

Sir, I find that in the budget estimate some money has been set apart for the improvement of the rural areas. It looks very good, but it is no good in reality. Those who know how the executive authorities work in the districts have a very great suspicion whether these grants will really go to improve the condition of the villagers at all. And the beginning is not at all reassuring. We find that the Bengal Government has not moved its little finger in this direction within these 12 months. The other day, I sent some questions in this Assembly about the inactivity of the Bengal Government as to any programme of rural progress with the money granted by the Government of India. And, after these questions were sent, and they were printed in January, the Bengal Government came out with a communiqué; and it was a communiqué, not of work done, but of what they intend or think of doing in future with the 16 lakhs that was granted to them. And, during the Budget Session, Government made a statement that they propose to spend only 5½ lakhs this year. The year has now passed away, and only two months remain; and, within this financial year, they will be able to make a provision for 5½ lakhs, and the balance of 10½ lakhs will remain for the future. This is how it is working. But about one thing they were very active. They are setting up a radio centre at Midnapore about which my Honourable friend, the Deputy President, was also going to speak. Do Government consider that, by this radio centre at Midnapore, the health of the villages, the crop of the villages, the wealth of the villages, etc., will be improved? It is stupendous nonsense to think that the illiterate cultivator, who does not know even the vernacular, who does not care to mix with the educated people and who keep themselves aloof from the respectable gentry,

[Mr. Suryya Kumar Som.]

will come and take instructions from these radios and then learn to grow their crops, and that these radios will teach them what the schools and the colleges and the *pathsalas* and the people of the villages could not teach them. That is why I say that the beginning is not reassuring.

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

I am afraid, the whole money will go for propaganda purposes, I mean other propaganda than any propaganda to improve the condition of the villages. (*An Honourable Member*: "No, no.") My Honourable friend says, no. I will refer to a pamphlet which was distributed by the Finance Member on the 6th September in Simla. There Bengal was specifically mentioned, and it was said that a radio station was going to be constructed at Midnapore for propaganda purposes. I do not know whether it is C. I. D. propaganda and political propaganda or whether it is for agricultural propaganda. That was not clear. So, for the purpose of propaganda, much of the money will be spent. I can tell the Honourable the Finance Member that we live in the villages and we mix with the people; and, in the Bengal villages, they have never heard of any grant for village uplift being made, not to speak of being affected by any activity with regard to this money. They have never heard of this money. They look askance when we speak to them about this money. Therefore, the little thing, that I presume the Honourable the Finance Member has done honestly and sincerely in this year's budget, will go in this way in vain, and thus the only ray of hope that we find in his budget speech will prove to be a chimera.

Sir, I must say that, so far as the country is concerned, so far as the mass is concerned, with their stomach and cash balance, the country is in a very bad condition. I find that, in almost all the Provincial Legislatures, there are drastic pieces of legislation being undertaken for relieving the cultivators and the masses from their liability to pay to the creditors. Why are these things done? If the cultivators have money and if they are well off, why are these drastic measures necessary in the provinces? The Government also recognised that, without these measures, cultivators and the masses would inevitably fail to pay their debts and discharge their liabilities. What does it mean? Of what is this admission by the Government, not of one province, but by several? In these circumstances, to say that the barometer is recovering is to me meaningless. So I say that the barometer may be rising, but the thermometer is undoubtedly below normal.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 4th March, 1936.