

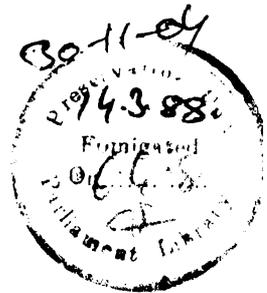
Wednesday, 28th March, 1934

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1934

(8th February to 27th April, 1934)

SEVENTH SESSION
OF THE
THIRD COUNCIL OF STATE, 1934



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COUNCIL OF STATE.

Wednesday, 28th March, 1934.

The Council met in the Council Chamber of the Council House at Ten of the Clock, the Honourable the President in the Chair.

MEMBERS SWORN :

The Honourable Mr. James Braid Taylor, C.I.E. (Additional Finance Secretary).

The Honourable Maharajadhiraja Sir Kameshwar Singh of Darbhanga, K.C.I.E. (Bihar and Orissa : Nominated Non-Official).

QUESTIONS AND ANSWERS.

BIHAR EARTHQUAKE.

80. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
(a) Has the attention of Government been drawn to the statements of the President of the Bihar Central Earthquake Relief Committee, as published in the *Searchlight* (Patna) in its issues of the 7th, 16th and 28th February last ? If so, do Government propose to adopt his suggestions as to

- (1) Reconstruction of houses ?
- (2) Restoration of wells ?
- (3) Reclamation of land rendered unfit for cultivation by deposit of sand or by collection of water ?
- (4) Helping those who have lost their stock, trade or business to re-start life ?
- (5) If reclamation of land is not possible, then migration of the afflicted population ?
- (6) Disposal of sugar-cane crops, etc. ?

(b) Has Government formed any estimate, however rough, of the probable cost of the rehabilitation of the devastated towns and countryside, respectively ? If so, what is that estimate ?

(c) Is it a fact that Government propose to advance only Rs. 7 crores to the Government of Bihar and Orissa for reconstruction work in the towns and countryside ?

(d) What is the total amount contributed to the Viceroy's Earthquake Fund so far ? How much more do Government expect as further contribution to that Fund ?

(e) Do Government propose to consider the desirability of deducting a substantial amount *pro rata* from the pay of each Government servant drawing salaries, say, of Rs. 1,000 and upwards, from month to month for a period of one year, and crediting the deductions so made to the Bihar Earthquake Relief Fund ?

THE HONOURABLE MR. M. G. HALLETT : (a) and (b). The Government have seen the statements referred to. As the Honourable Sir Alan Parsons explained to the House recently, Government are not in a position yet to estimate even roughly the total cost of reconstruction, and I am afraid I am in no better position today to give a detailed estimate. The magnitude of the task and the difficulty of giving an estimate may be seen by the following facts. One of the main problems in the rural areas is the problem of the removal of sand deposits. To make an estimate of the total damage the Government of Bihar and Orissa have arranged for a detailed survey plot by plot over the whole of the affected area in the districts of Muzaffarpur, Darbhanga and Champaran. This survey is being conducted over an eighty-mile front starting in the area where the damage was most serious. The total area to be surveyed is about 4,000 square miles but it is hoped that the survey of this large area will be completed by May 7th. The results of the survey of a portion of the area have been examined by the Local Government and I hope they will be in a position after a somewhat larger area has been surveyed to give a rough estimate of the total damage. I may add that as soon as the survey party in any particular area is completed, the Government of Bihar and Orissa have arranged for a second party to come along and distribute relief to the cultivators whose land has been damaged either in the form of gratuitous relief or loans. There is the further very difficult problem in the rural areas which arises out of the possible changes in the levels of land but this problem is also being dealt with by the Government of Bihar and Orissa and their officers. In the urban areas the local officers are confronted with the dual problem of providing temporary and permanent houses for those whose houses have been damaged and destroyed by the earthquake and though I am not in a position to give full details of the work that is being done, I shall be only too glad to give any Honourable Member such information as I have obtained during my recent visit to the area and to give information of both official and non-official agencies working to relieve the distress.

(c) The position has been explained in this House and by the Honourable the Finance Member in his budget speech. The Government of India have undertaken to bear the whole cost of restoring the property and finances of local bodies and also the whole cost of the special measures for dealing with the sugar-cane crop. In addition they have undertaken to bear half the cost of restoring the Provincial Government's buildings and other public works, and also the cost of assisting agriculturists to the extent that it cannot be met from the Local Government's Famine Relief Fund. The Government of India have further undertaken to advance whatever capital may be required for financing loans for rebuilding purposes to those persons whose position does not warrant charitable assistance.

(d) The total amount contributed to the Viceroy's Earthquake Relief Fund up to the 24th March, 1934 was nearly Rs. 36 lakhs. The Government are not in a position to estimate what further contributions will be made.

(e) No.

REPRESENTATION OF MUSLIMS IN THE AGENT'S OFFICE, EAST INDIAN RAILWAY, AND AGENT'S OFFICE, EASTERN BENGAL RAILWAY.

81. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
(a) Will Government kindly state the total number of the permanent subordinate staff of the different branches of the Agency Department, East Indian Railway, Calcutta, and of the Eastern Bengal Railway separately by communities ?

(b) Is it a fact that there is not a single permanent Muslim employee in the ministerial establishment of the Agent's office in either of the branches proper ?

(c) If the answer to (b) above is in the affirmative, what steps do Government propose to take to improve the representation of Muslims in that office ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) and (b). Government have no information beyond that contained in Volumes I, II and III of Mr. Hassan's report on the representation of Muslims and other minority communities in the subordinate railway services copies of which are already in the Library of the House.

(c) Instructions were issued to the Agents of State-worked Railways in September, 1926 to follow the policy of Government to reserve one-third of the vacancies for the redress of communal inequalities.

BARRACKPORE RACECOURSE EXTENSION, EASTERN BENGAL RAILWAY.

82. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : Will Government be pleased to state :

(a) When the Barrackpore Racecourse extension line was constructed ?

(b) The total length of the mileage and the total cost of the extension ?

(c) What is the annual upkeep cost of the extension and the amount realized from the passenger traffic on this extension ?

(d) Whether the Calcutta Turf Club paid any amount towards the construction of this extension ? If so, how much ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) In 1928.

(b) The length is one and a half miles and the total cost Rs. 3½ lakhs.

(c) I am obtaining the required information from the Railway Administration and will send it to the Honourable Member in due course.

(d) The extension was originally constructed by the Turf Club at their own cost, but after completion it was taken over by the Eastern Bengal Railway on payment of the amount quoted in my reply to part (b).

PASSENGER FARES ON RAILWAYS.

83. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : Will Government be pleased to state if the rates of passenger fares vary in different railway systems ? Have Government considered the desirability of introducing the same rate of passenger fares on at least the State-managed Railways ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The answer to the first part is in the affirmative. As regards the second part, financial and other conditions on different railways do not permit of complete uniformity in the matter of passenger fares even on State-managed Railways.

SALE OF CONFISCATED FIREARMS.

84. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : Will Government be pleased to state :

(a) If it is a fact that Government are selling by private treaty and/or at public auction, firearms forfeited or seized from licensees and others ?

(b) The number of weapons so sold during the past 12 months ?

(c) The amount credited to Government by such proceeds and the average price realized per weapon ?

(d) Are Government aware that single barrel guns and double barrel guns can be purchased from certain Court *malkhanas* at ridiculously low prices, in some instances as low as Rs. 2 for single barrel guns and Rs. 5 for double barrel guns ?

(e) Do Government realize that by such procedure, the loss involved in customs duty alone, where the purchaser would invariably obtain his firearms from a licensed dealer on which a minimum import duty of Rs. 18-12-0 per weapon is levied, on the cheapest class, to 40 per cent. and 50 per cent. on firearms of an imported value exceeding Rs. 40 and over, apart from the increased income-tax the dealers would be liable to pay by such additional sales ?

(For reply, see under question No. 85.)

85. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : (i) Will Government be pleased to state the number of weapons seized, forfeited or deposited to Government during the past 12 months, with the exception of the district of Chittagong (a) rifles, (b) guns, (c) revolvers and pistols ?

(ii) Will Government be pleased to state if the unsold weapons each year are actually destroyed in accordance with the Government rules on the subject at present in force ? If not the quantity and number of weapons which are still held over in the various *malkhanas* ?

(iii) Whether all rifles of prohibited bores and revolvers and pistols forfeited and/or seized by Government are duly sent each year to the ordnance officer designated for that purpose, to be broken up and destroyed? If so, the number sent for that purpose during the past three years ?

THE HONOURABLE MR. M. G. HALLETT : With your permission, Sir, I propose to answer question Nos. 84 and 85 together.

The general purport of the rules governing the disposal of confiscated arms and ammunition is as follows :

Arms and ammunition which can be utilized by the police or any other Government department may be retained and brought into use with the sanction of the Local Government. Arms and ammunition not retained for the use of a Government department fall into two classes. The first class, and this

includes all revolvers and pistols and all rifles of prohibited bores has to be sent to the nearest arsenal for destruction. The other class, which includes single and double barrellled guns, and rifles of non-prohibited bores, may be sold to licensed dealers or to other persons entitled to possess them.

These rules are administered by the Local Governments, and the Government of India have no doubt that they are being observed. A copy of the Honourable Member's questions and of this answer will, however, be forwarded to Local Governments. The Government of India regret that the detailed information for which the Honourable Member asks is not in their possession. As regards the Honourable Member's point about the loss in customs duty involved by selling confiscated arms, this appears to overlook the fact that a licensee may be able to afford a second-hand weapon but not a new one.

NON-PAYMENT OF INCOME-TAX BY PANDIT JAWAHARLAL NEHRU.

86. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Is it a fact that Pandit Jawaharlal Nehru did not pay his income-tax for a year ?

(b) If so, will Government be pleased to state how they have realized the Pandit's income-tax ?

(c) Did they attach any of his moveable properties ?

(d) If so, were they sold by auction ?

(e) How much the properties fetched in all by auction ?

(f) What was the amount of income-tax due from the Pandit ?

(g) Was there any balance after realizing the income-tax from the amount of the sale of the Pandit's properties ? If so, has the balance been remitted to the Pandit ? If not, why not ?

THE HONOURABLE MR. J. B. TAYLOR : Sir, I am debarred by the provisions of section 54 of the Indian Income-tax Act, 1922, from disclosing any particulars contained in proceedings relating to the recovery of an income-tax demand.

RELIEF COMMITTEES IN BIHAR.

87. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Will Government be pleased to state the number of official and non-official relief committees that are working in Bihar due to the recent earthquake and what facilities are being given to the non-official committees by Government and the railway authorities for carrying the materials and eatables for relief operations from one place to another ?

(b) Is it a fact that money order commission is not being charged for remitting money to the Viceroy's Fund ? If so, will Government be pleased to state why the same facility is being denied to the contribution to the Bihar Central Relief Committee started by Babu Rajendra Prasad ?

(c) Will Government be pleased to state if the same facility will be given to the remitters of money to the Bihar Central Relief Committee ? If not, why not ?

THE HONOURABLE MR. M. G. HALLETT : (a) The Government are not aware of the precise number of committees at work. The facilities given by Railways for earthquake relief are as follows :

- (i) Concession of half tariff rates for goods and parcels consigned to *bona fide* relief organizations and certain Government officials for stations in the earthquake affected area.
- (ii) Concession for certain building materials, e.g., thatching grass, bamboos, rope, sal ballies and sal scantlings at one and a quarter annas per vehicle per mile over the metre gauge and one-tenth pie per maund per mile over the broad gauge systems concerned, when consigned to Government officials.
- (iii) Carriage of sugar-cane mills and pans at quarter parcels rates by passenger train and at one-tenth pie per maund per mile by goods train.
- (iv) Concession of special low rates for the carriage of sugar-cane from North Bihar to mills situated at stations on the Eastern Bengal and East Indian Railways.

(b) and (c). The same facilities in respect of money order commission are granted to remissions to both the Viceroy's Fund and the Bihar Central Relief Committee's Fund.

CENTRAL HEALTH BOARD.

88. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Will Government be pleased to state if the Central Health Board is going to be revived with effect from the beginning of the new financial year? If so, how much will it cost them for the revival of the said Board?

(b) What was the function of the Central Health Board and when was it created?

(c) Will Government be pleased to state the constitution and the results achieved by the Central Health Board before it was suspended?

(d) What will be the function of the revived Central Health Board?

(e) Will Government be pleased to state what will be the annual total cost for the maintenance of the Central Health Board?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a), (d) and (e). The Honourable Member is presumably referring to the proposal which Government have been considering for some time to constitute a Central Advisory Board which would serve as a clearing house of information and ideas relating to medical and public health administration and provide an organization for collective deliberation on matters of common interest. It was estimated roughly to cost Rs. 27,500 per annum. Government have decided not to proceed with the proposal at present for reasons of financial stringency.

(b) and (c). With a view to co-ordination of public health work in its various aspects a Central Health Board was created in 1921 consisting of a limited number of official and non-official experts with the Director General, Indian Medical Service, as Chairman. Its duties were mainly to give advice to the Government of India and to Local Governments on such technical matters and questions of policy as might be referred to it by those Governments. It met only once and came to an end in 1923 owing to financial stringency.

HEALTH OF ANANDA MOHAN GUPTA, DETENU IN THE ANDAMANS.

89. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 (a) Will Government be pleased to state the condition of the health of Ananda Mohan Gupta of Chittagong, a convict in the Andaman Cellular Jail ?

(b) Are Government aware that his parents have not been getting any news about him since October last although his father Mr. Jogendra Mohan Gupta wrote to the Superintendent of the Jail in January in reply postcards first and then sent a reply prepaid telegram to the Superintendent to inform him of the convict's present state of health ?

(c) Will Government be pleased to state if any reply was given to the wire of the father of the said convict Ananda Mohan Gupta by the Superintendent of the Andaman Cellular Jail ? If so, why ?

(For reply, see under question No. 90.)

DELAY IN COMMUNICATIONS WITH DETENUS CONFINED IN THE CELLULAR JAIL,
 PORT BLAIR.

90. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 Will Government be pleased to state why unusual delay occurs in sending replies to the parents and relatives of the detenus and convicts at the Andaman Cellular Jail ? What steps do Government propose to take to expedite replies from the Office of the Superintendent of the Andaman Cellular Jail ?

THE HONOURABLE MR. M. G. HALLETT : Sir, with your permission I shall reply to questions Nos. 89 and 90 together.

Government have no information in regard to the health of Ananda Mohan Gupta but there are standing orders that the relatives of any prisoner whose health is giving cause for anxiety should be informed to that effect. Government are aware that there have been considerable delays in the delivery of letters sent by prisoners in the Cellular Jail, Port Blair, to their relatives. The Government of India are in correspondence with the Government of Bengal with a view to making arrangements to expedite delivery. Prisoners are permitted to send communications not more than once a month and the system of reply-paid postcards or reply-paid telegrams sent to the Superintendent of the Jail cannot be used to defeat the ordinary jail rules.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 Will the Government be pleased to state the number, names and the native districts of the Bengalis who are now confined in different jails in Burma under the Burma Ordinance Act ?

THE HONOURABLE THE PRESIDENT : You do not expect the Honourable Member to reply to a question like that off-hand ?

TEXTILE AGREEMENT BETWEEN THE BOMBAY MILLOWNERS AND LANCASHIRE
 DELEGATION.

91. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 (a) Will Government be pleased to state the terms of the Textile Agreement between India and Lancashire, known as Mody-Lees Pact ?

(b) Were the representatives of all the Millowners' Associations in India consulted by Government on this Agreement ? If not, why not ?

(c) When will the terms of the Agreement come into operation ?

(d) Will Government be pleased to state how the said Agreement will be given effect to by Government ?

THE HONOURABLE MR. T. A. STEWART : (a) Copies of the Agreement referred to have already been supplied to Honourable Members. Copies are also available in the Library.

(b) Government have had ample opportunity of studying the opinions of associations and others interested in the textile industry. There was no necessity to invite opinions.

(c) and (d). The Honourable Member is referred to the statement of objects and reasons attached to the Indian Tariff (Textile Protection) Amendment Bill introduced in the Legislative Assembly on the 5th February, 1934.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : With regard to part (b), will the Government be pleased to state if they have received opinions of other Mill Associations in India on the subject ?

THE HONOURABLE MR. T. A. STEWART : Yes, Sir.

INDO-JAPANESE TRADE AGREEMENT.

92. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state why and when will the Indo-Japanese Textile Pact be signed in London and who will sign on behalf of India ?

THE HONOURABLE MR. T. A. STEWART : Government are not in a position to say when the Agreement will be signed as the drafting is not yet complete. Under the constitution as it exists today only His Majesty's Government can conclude a treaty with a foreign Government on behalf of the Government of India.

SUPPLY OF INFORMATION CONCERNING THE HEALTH OF DETENUS TO THEIR RELATIVES.

93. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Is it a fact that the Honourable Sir Harry Haig, the Home Member, had a conference at Calcutta with some Members of the Bengal Legislative Council over the question of the health of detenus and supplying information relating thereto to the relatives of the detenus ?

(b) If so, when was the conference held and for how many days ?

(c) Will Government be pleased to state the decisions arrived at at the conference for the supply of information regarding the detenus to their relatives ?

(d) Will Government be pleased to state the names of the Members of the Bengal Legislative Council with whom Sir Harry Haig conferred on the matter ?

(e) Will Government be pleased to state the suggestions, if any, made by the Bengal M. L. Cs. who conferred with the Home Member ?

THE HONOURABLE MR. M. G. HALLETT : (a) No.

(b) to (e). Do not arise.

POLITICAL OUTRAGES IN INDIA FROM JANUARY, 1931 TO FEBRUARY, 1934.

94. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Will Government be pleased to state the number of political outrages in India, with their nature, province by province, from January, 1931 to February, 1934 ?

(b) How many of them ended fatally and in how many the persons attacked escaped injuries and in how many they received injuries ?

(c) In how many cases the perpetrators of the crimes were arrested and sent up for trial ?

(d) What were the results of the trials ?

(e) In how many of the political outrages the victims were private persons and not public servants of Government ?

(f) Have Government done anything in the nature of making provision for the relatives of the persons other than Government servants, who were either done to death or attacked by terrorists ? If so, what and where ?

THE HONOURABLE MR. M. G. HALLETT : The information available is being examined and a reply will be laid on the table in due course.

MILITARY GARRISON AT CHITTAGONG.

95. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Will Government be pleased to state the up-to-date approximate total cost of posting military pickets in Chittagong ?

(b) Since when the military pickets have been posted at Chittagong and its interior ?

(c) What is the strength of the military pickets in Chittagong ?

(d) How long will the military pickets remain in Chittagong ?

(e) Are Government aware that respectable gentlemen of villages Patya and Dhalghat in Chittagong are sometimes subjected to such indignities as crossing the tanks by swimming at night at the command of the chief of the military pickets who often carry on raids at night to track down the terrorists ?

(f) Will Government be pleased to state what steps they propose to take to stop the misbehaviour of the military ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The approximate cost of the military garrison at Chittagong, over and above the normal pay, etc., of the troops, amounted to Rs. 1.35 lakhs in 1931-32, and to Rs. 1.09 lakhs in 1932-33. Figures for 1933-34 are not yet available.

(b) December, 1931.

(c) One battalion of infantry.

(d) It depends on circumstances.

(e) No.

(f) Does not arise.

HEADS OF INDUSTRIAL SECTIONS IN GOVERNMENT OF INDIA PRESSES.

96. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 (a) Is it a fact that men in charge of sections on the industrial side of the Government of India Presses are forced to work on the ten-hours' basis a day and is it a fact that in 1920 a Press Enquiry Committee was appointed under the presidency of the late Sir Damodar Thakersey, then M.L.A. ?

(b) Is it a fact that as a result of the report of the said Committee Government have practically stopped overtime and work the Press for eight hours a day during the major portion of the year ?

THE HONOURABLE MR. D. G. MITCHELL : (a) Heads of industrial sections are not employed on a ten-hour basis in the sense that it is their normal working day, but they may be required, when necessary, to work up to ten hours on any day without receiving any overtime allowance. The reply to the second part is in the affirmative.

(b) No. The normal working hours of the Presses were fixed at eight hours a day before the Committee was appointed ; and their report contained no recommendation relating directly to overtime.

TEN-HOUR BASIS MEN IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

97. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 Is it a fact that the Government of India Press, New Delhi, did not work more than eight hours a day for a single day from 15th April to 15th October last and is it a fact that the men in charge of the sections drew their pay on ten-hours' basis throughout the said period ? If so, why were such men allowed to draw pay at ten-hours' basis when they worked only for eight-hours' basis ?

THE HONOURABLE MR. D. G. MITCHELL : As regards the first part, we have no record of the number of days on which the New Delhi Press worked for not more than eight hours during the period mentioned. As regards the second part, the pay of the men in question was not fixed on the assumption that they would be required to work for ten hours daily throughout the year. The last part does not arise.

NUMBER OF TEN-HOUR BASIS MEN IN GOVERNMENT OF INDIA PRESSES, ETC.

98. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 (a) Will Government be pleased to state how many men there are in all the Government of India Presses on ten hours' basis and for how many days each of such Presses worked for ten-hours and will they be pleased to state the loss to Government during the period of April to October last for not working the Press for ten hours though the men have been employed on ten-hours' basis ?

(b) Do Government propose to bring the pay of these men employed in the Press on eight-hours' basis as the Press actually works for eight hours a day and not ten hours a day ?

(c) Will Government be pleased to state the reasons of fixing pay on ten-hours' basis when the Press during the months of April to October work only for eight hours a day ?

THE HONOURABLE MR. D. G. MITCHELL : (a) The attention of the Honourable Member is invited to the reply given by me today to part (a) of his question No. 96 and to question No. 97. The question of loss to Government does not arise.

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

REPRESENTATION OF MUSLIMS IN THE CENTRAL PUBLICATION BRANCH.

99. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
Will Government please state :

(a) What is the total number of the staff, permanent and temporary, in the Central Publication Branch ?

(b) The total strength in the Branch, both permanent and temporary ?

(c) The number of men borne on each scale of pay existing ?

(d) The number of Muslims holding permanent posts in each scale of pay as well as the number of Muslims holding temporary posts on those scales or on fixed pay ?

(e) Is it a fact that out of seven assistants in the grade Rs. 80—200 there is only one Muslim ? If so, what are the respective qualifications of the incumbents ?

(f) Is it a fact that several posts in the assistant grade are still lying vacant ? If so, are Government prepared to fill up those vacancies with due regard to the instructions laid down in the Government circular, issued some time ago for adjustment of communal inequalities in Government offices either by promotion or by direct recruitment from outside ? If not, why not ?

THE HONOURABLE MR. D. G. MITCHELL : (a) I assume that the Honourable Member refers to superior establishment only. If so, the number is 79.

(b), (c) and (d). A statement furnishing the information is laid on the table.

(e) There are six assistants in the grade of whom one is a Muslim. As regards the second part, the required particulars are :

One Muslim graduate, one Anglo-Indian, Senior Cambridge, four Hindus of whom one is a graduate and three have not passed any university examination.

(f) There is only one post vacant and in filling it the Controller of Printing and Stationery will be guided by the standing orders on the subject.

Statement referred to in reply to parts (b), (c) and (d) of question No. 99.

Appointments.	No. of appointments.		Old scales or fixed salaries.	New scales or fixed salaries.	No. of persons appointed.		No. of Muslims holding appointments.		Remarks.
	Permanent.	Temporary.			Old scale.	New scale.	Permanent.	Temporary.	
Assistant Manager	1		Rs. 300—20—400	Rs. 300—15—375	1				
Head Assistant	1		200—10—250	175—10—225	1				
Accountant	1		250—10—350	225—15/2—300	1				
Assistants	7		80—80—100—5— 150—10—200.	80—5—160	6	1	1	(old scale).	
Assistant . . . . .	..	1	..	80—5—160	..	..	..	..	Vacant.
Clerks	53		45—45—50—3— 65—4—85—4— 105—5—140.	40/40—5/2—80— 3—95.	50	3	11*	..	*Nine on old scale, one on special personal scale of Rs. 50—160 and one on new scale.
Clerks . . . . .	..	4	..	40/40—5/2—80—3— 95.	..	4	..	..
Clerks . . . . .	..	7	40	..	7	..	..	2	
Typists	3		45—45—5/2—100	40/40—5/2—80	2	1	..	..
Sirar	1		25—1—35	25—1—35	1	..	..	..
Junior Addressographer	1	..	25—1—35	25—1—35	1	..	..	..
	68	12			70	9	12	2	
	80				79		14		

RECRUITMENT IN THE CENTRAL PUBLICATION BRANCH AFTER TRANSFER.

100. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
Will Government please state :

(a) The total number of recruitments cadre by cadre made in the Central Publication Branch after its transfer from Calcutta to Delhi ?

(b) How many of them are Muslims in each cadre ?

(c) Whether due regard was paid to the legitimate proportion of Muslims in time of recruitment ? If not, why not ?

(d) The respective qualifications and age of the men recruited ?

(e) Whether the men recruited are the successful competitors in the examinations held from time to time by the Deputy Controller, Central Stationery, Calcutta, or they passed the Public Service Commission examinations ?

(f) If the recruitment was not made by either of the methods indicated at (e) whether the vacancies were advertized in the newspapers inviting applications from outside people ? If so, in which paper and of what date ?

(g) If not, on what principle the recruitment was based ?

THE HONOURABLE MR. D. G. MITCHELL : (a) and (b). I assume that the Honourable Member desires information in respect of appointments made by direct recruitment to the superior establishment of the Central Publication Branch. The required particulars are :

Five in the grade of Rs. 45—140 of whom two are Muslims.

Five in the grade of Rs. 35—80 of whom none is a Muslim.

Twelve in the grade of Rs. 40 of whom three are Muslims.

(c) There is no proportion of Muslims fixed by the standing orders but due regard was paid to the claims of minority communities. The second part does not arise.

(d) Government are not in possession of the information.

(e), (f) and (g). The majority of the men recruited had qualified in an examination conducted by the Deputy Controller of Stationery. The Central Publication Branch does not recruit men through the Public Service Commission. No advertisement in the newspapers was necessary as there were sufficient applicants and men working on the day-extra establishment from whom to select.

PROMOTION OF DAY-EXTRA STAFF IN THE CENTRAL PUBLICATION BRANCH.

101. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
(a) Is it a fact that several men recruited on the daily wage basis have been recommended by the present Officiating Manager of the Branch for placing them in the permanent clerical and assistant grades and have actually been

servicing in those capacities? If so, what are their names, age and qualifications? Did they pass either of the examinations referred to at (e) of the previous question? If not, do Government propose to replace these men by recruitment through the Public Service Commission? If not, why not?

(b) Is it a fact that the lifts to the day-extra hands referred to above have been given disregarding and superseding the claims of the temporary men serving for about five years on fixed pay? If so, why were their claims disregarded and what arrangements Government propose to make for these temporary hands?

(c) Is it a fact that the present Officiating Manager Mr. C. V. d'Eca is murmuring about the inefficiency of the whole staff to the higher authority? If so, will Government state what is his standard of measuring efficiency?

(d) Will Government please state the number of cases in which increment to pay has been withheld before as well as after Mr. d'Eca joined this office?

(e) Will Government please state the length of service as well as qualifications of the affected persons whose increments have been withheld? How many of them are Muslims?

(f) Will Government please state whether specific charges were framed against the men concerned and explanations were called for from them before the increments were withheld?

THE HONOURABLE MR. D. G. MITCHELL: (a) As regards the first and second parts, I am not prepared to disclose departmental recommendations relating to promotion. Two men recruited on a daily wage basis are serving in the capacities stated. The answer to the third and fourth parts is in the negative. As regards the last part, recruitment to the clerical staff of the Central Publication Branch is not made through the Public Service Commission.

(b) No. The second part does not arise.

(c) I have not heard the alleged murmurings; the second part does not arise.

(d) and (e). Government are not in possession of the information in respect of the period prior to the appointment of the Officiating Manager, but there have been four such cases since he joined the Branch. Of these, two are Muslims, two are graduates and one an undergraduate. The service rendered ranges between five and ten years.

(f) No.

STRENGTH OF GAZETTED AND NON-GAZETTED STAFF, ETC., IN THE OFFICES UNDER THE CONTROLLER OF PRINTING AND STATIONERY.

102. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ: Will Government be pleased to state.

(a) What is the total number of the gazetted and non-gazetted staff, both permanent and temporary, in the different offices under the administrative control of the Controller of Printing and Stationery including the Headquarters Office?

(b) What is the total strength, permanent and temporary, borne in each cadre maintained by each of these offices ?

(c) What is the number of men of each community serving in each cadre, both permanent and temporary, separately ?

(d) Is it a fact that the minority communities, specially the Muslim community, are not properly represented in these offices ?

THE HONOURABLE MR. D. G. MITCHELL : (a), (b) and (c). A statement showing the information available is laid on the table. I have not the particulars for each cadre separately.

(d) I must leave the Honourable Member to form his own opinion.

Statement showing the strength of the gazetted and the clerical staff of the offices under the administrative control of the Controller of Printing and Stationery as it stood on the 31st December, 1933.

Office.	Total number.		Hindus.		Muslims.		Other communities.	
	Gazetted.	Non-gazetted.	Gazetted.	Non-gazetted.	Gazetted.	Non-gazetted.	Gazetted.	Non-gazetted.
Office of the Controller	3	37		23	..	5	3	9
New Delhi Press	1	51	..	35	..	11	1	5
Simla Press	1	30	..	13	..	14	1	3
Publication Branch	1	78	..	60	..	15	1	3
Stationery Office, Calcutta (excluding Stationery Store and Reserve Stamp Depot).	3	142	2	120	..	20	1	2
Forms Store and Forms Press, Calcutta.	1	90		72	..	15	1	3
Calcutta Press	1	77		71	..	6	1	..
Forms Press, Aligarh	1	47	..	39	..	8	1	
Total	12	552	2	433		94	10	25

REPRESENTATION OF MINORITY COMMUNITIES IN THE SERVICES.

103. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : Is it a fact that a Government circular was issued in recognition of the proper representation of the minority communities in Government service to the effect that every third vacancy in the Government offices should go to the minority community ?

THE HONOURABLE MR. M. G. HALLETT : Orders were issued on the 5th February, 1926, that the head of each office should specifically consider in the case of every third vacancy that occurs whether or not such vacancy should, having regard to the communal composition of the clerical staff of the office, go to a member of a minority community. A copy of these orders is available in the Library of the House.

VACANCIES THAT HAVE OCCURRED AND BEEN FILLED UP IN OFFICES UNDER THE CONTROLLER OF PRINTING AND STATIONERY.

104. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : (i) Will Government please furnish a statement showing the number of vacancies that have occurred and been filled up since 1st January, 1930 to 31st January, 1934 in each scale in each office under the administrative control of the Controller of Printing and Stationery ?

(ii) Will Government please furnish statements showing information on the following heads in respect of the vacancies, referred to above, that have been filled up by

- (a) Direct recruitment ?
- (b) Promotion from among the permanent staff ?
- (c) Promotion to higher grade from the temporary establishment ?

Name of Cadre. office.	By different communities.					Total.
	Hindu.	Muslim.	Sikh.	Anglo- Indian.	Indian Christians.	
Appointed by direct recruitment
Appointment by pro- motion from perma- nent staff
Appointment to higher scale from the tempo- rary staff
Total

(iii) Will Government please furnish a statement showing the initial recruitment including day-extra hands made from each community from 1st January, 1930 to 31st January, 1934 in the non-gazetted establishment— (including inferior establishment) in the different offices under the control of the Controller of Printing and Stationery ?

THE HONOURABLE MR. D. G. MITCHELL : The particulars asked for are not available and the collection of the details would involve an amount of time and trouble disproportionate to the result. An indication of the changes in the proportions of the various communities can, however, be obtained from the annual statements of communal composition of the clerical staff of the offices of the Government of India, copies of which are placed in the Library of the Legislature.

INADEQUATE STAFF IN THE CENTRAL PUBLICATION BRANCH.

105. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
 (a) Is Government aware that owing to the disbandment of the staff employed on daily wage basis with effect from the 1st March, 1934 a serious situation bringing the work of the office of the Central Publication Branch almost to a standstill specially in the despatch section has been created ?

(b) Is Government aware that only two clerks have been placed in charge of the maintenance of civil ledger containing heads of about 20,000 kinds of civil publications ?

(c) Is it a fact that 12 clerks are employed to maintain the ledgers of 5,000 kinds of forms in the Central Forms Store, Calcutta ?

(d) Is it a fact that the Controller of Printing and Stationery notwithstanding frequent insistence of the inadequacy of staff in the Central Publication Branch has all along adopted a step-motherly attitude towards the Central Publication Branch in the matter of increase of staff in comparison with the sister offices under his administrative control ?

(e) Will Government furnish a comparative statistics of the strength of the clerical staff at the Calcutta Forms Store and the Central Publication Branch ?

(f) Will Government state the respective total numbers of indents received by the Central Forms Store, Calcutta, Central Stationery Office, Calcutta, and the Central Publication Branch, Delhi, during the last financial year ?

THE HONOURABLE MR. D. G. MITCHELL : (a) No.

(b) and (c). The staff employed is substantially as stated by the Honourable Member, but the numbers of publications and forms quoted by him are not correct. I should add that the allotment of clerks for maintaining ledgers depends not on the total number of items in the ledgers but on the actual work involved in their maintenance.

(d) No.

(e) Central Forms Store—80.

Central Publication Branch—77.

(f) (i) Central Forms Store, Calcutta—17,316.

(ii) Central Stationery Office, Calcutta—18,289.

(iii) Central Publication Branch, Delhi—64,359.

I should add that the number of indents does not give a proper comparison of the amount of work involved.

DISCREPANCIES IN RESPECT OF PUBLICATIONS IN THE CENTRAL PUBLICATION BRANCH.

106. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
(a) Is Government aware that discrepancies in respect of 7,000 out of 12,000 items of publications have of late been disclosed in the ledgers of the Central Publication Branch ?

(b) Is it a fact that huge lots of valuable publications are still lying in packing boxes unopened in the corridors and gangways of the Central Publication Branch ?

(c) Were these publications taken into account in the stock ledger ?

THE HONOURABLE MR. D. G. MITCHELL : (a) I understand that discrepancies have been noticed but I have no information as to their nature and extent.

(b) Boxes containing publications intended for the wholesale section have not all been opened.

(c) Yes.

SLAUGHTER OF WILD COWS, ETC., AT MANJHA GUPTAR GHAT IN AJODHIA.

107. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is Government aware that the military authorities of the Grass Farm have issued orders for the slaughter of wild cows and bullocks at the sacred Manjha Guptar Ghat in Ajodhia (United Provinces) ?

(b) Is Government aware that this sacrilege has disturbed the religious sentiments of the Hindu community and several meetings have been held to show their strong feelings of resentment and disapproval at this action ?

(c) Is it a fact that the Deputy Commissioner, Fyzabad, has been approached by the Hindus and the slaughter was postponed at his intervention ?

(d) Is it a fact that the military authorities of the Grass Farm had engaged butchers from the Punjab for the slaughter of these animals ?

(e) Is it a fact that the Hindu public had to pay Rs. 3,000 as compensation for these butchers to the Grass Farm authorities ?

(For reply. see under question No. 108.)

SLAUGHTER OF WILD COWS, ETC., AT MANJHA GUPTAR GHAT IN AJODHIA.

108. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Has the attention of Government been drawn to the following resolution of the Working Committee of the Oudh Goshala Samiti, Lucknow :

“ Working Committee of the Oudh Goshala Samiti, Lucknow, is shocked to learn the order of the military authorities for killing wild cows in Manjha Guptar Ghat (Ajodhia) in utter disregard of the religious feelings of the Hindus and appeals to the Government to take early steps to prevent this sacrilege”.

(b) Will Government be pleased to make enquiries in the matter and stop the Grass Farm authorities from slaughtering wild cows and bullocks at the sacred place of Manjha Guptar Ghat for consideration of the Hindu feelings ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : With your permission, Sir, I will answer questions Nos. 107 and 108 together.

I have called for a report and will communicate the result to the Honourable Member in due course.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of information, Sir. Would it not be possible to lay it on the table so that it may be seen by Honourable Members ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : With your permission, Sir, I will certainly do so.

MINIMUM CHARGE FOR RESERVED COMPARTMENTS ON RAILWAYS.

109. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
(a) Will Government be pleased to state the names of the State Railways which have got the system of reserving second class and first class compartments on payment of a lesser number of fares than the carrying capacity of such compartments ?

(b) Will Government be pleased to state the number of minimum fares charged from first and second class passengers for reserving compartments for such passengers ?

(c) Will Government be pleased to state the number of minimum fares charged for reserving third class compartments by each of the different State Railways ?

(d) Will Government be pleased to state whether all the State Railways have got an uniform minimum charge for reserving third class compartments ? If not, why not ?

(e) Is it a fact that certain railways issue notices refusing to reserve compartments ? If so, are such notices valid and legal ? Will Government be pleased to state under what law the railway can refuse to reserve only third class compartments even on payment of the full number of fares ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a), (b) and (c). The minimum charge for a reserved compartment on railways generally is one fare for each berth in first or second class compartments and one fare for each seat in a third class compartment. The more important exceptions to this arrangement, as shown in the current tariffs on the State-managed Railways, to which I presume the Honourable Member refers, are as follows :

Burma Railways.—A first class compartment is reserved on payment of two fares less and a second class compartment of four fares less than the number of seats in the compartment.

Third class compartments are reserved on payment of fares less by one to 22 than the number of seats provided in compartments having from six to 90 seats.

Eastern Bengal and East Indian Railways.—A first class compartment of four berths is reserved on payment of three fares and a second class compartment of five berths on payment of four fares.

Third class compartments are reserved on payment of fares less by one to five than the number of seats provided in compartments having from eight to over 30 seats.

North Western and Great Indian Peninsula Railways.—A first class compartment of four berths is reserved on payment of three fares.

(d) No. Variations from the general practice in regard to the minimum charge payable for reserving a compartment are influenced by local considerations.

(e) Government are aware that railways have on occasions notified their inability to reserve accommodation on account of pressure of traffic. Government are not aware of any law requiring railways to reserve accommodation on demand.

CHANGE IN PROGRAMME OF CONSTRUCTION OF THIRD CLASS CARRIAGES.

110. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
(a) Is it a fact that the Railway Board through their present Director of Traffic have changed the programme of construction of third class carriages ?

(b) Is it a fact that at present the State Railways are only constructing big 40 and 60-seated third class compartments ? If so, will Government be pleased to state why have the Railway Board adopted such changed programme of construction of third class compartments ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) No.

(b) The answer to the first part is in the negative. The construction of third class carriages conforms to the standard designs and four compartments seating 62, 30, 20 and 12 persons, respectively, are provided in Indian Railway standard designs for bogie third class carriages. The second part does not arise.

LAVATORIES IN THIRD CLASS CARRIAGES.

111. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
(a) Is it a fact that the big third class compartments are provided with one small latrine meant for such a large number of passengers as 40 and 60 persons ? If so, will Government be pleased to state whether before constructing such bigger third class compartments with one latrine, medical opinion about sanitation was obtained ? If not, why not ?

(b) Is it a fact that such big third class compartments for 40 or 60 passengers are provided with only two inlets and outlets on the platform side ? If so, are Government aware that at stations where there is a big rush it is not possible for passengers, men, women and children with their luggages and kits to get in or come out through those two inlets and outlets ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) The answer to the first part is in the negative. Third class compartments to seat 52 passengers are provided with two lavatories. The answer to the second part does not arise.

(b) The answer to the first part is in the affirmative. With regard to the second part, Government consider two doors sufficient.

ADOPTION OF A UNIFORM SYSTEM OF CONSTRUCTION OF SMALLER THIRD CLASS CARRIAGES.

112. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
 (a) Do Government propose to adopt on all State Railways a uniform system of construction of only smaller third class compartments of a maximum capacity of 20 passengers ? If not, will Government be pleased to state the reasons for their refusal ?

(b) Is it a fact that Government have taken to the construction of big third class compartments for the purposes of avoiding reservation of compartments by third class passengers ? If not, why have they done away with the construction of smaller third class compartments which were prevalent in the past ?

(c) Is it a fact that the State Railways have done away with the provision of roof lights in third class compartments and instead have provided scanty lights fixed inside the side-planks of the compartments ? If so, are Government aware that such lighting arrangements have reduced the lighting in the third class compartments ? If so, do Government propose to reintroduce the system of roof lighting in the third class compartments ? If not, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) and (b). No, I would refer my Honourable friend to the answer I have just given in reply to part (b) of his question No. 110. The small compartments provided are to meet the demands for reservation.

(c) The answer to the first part is in the negative and the second part does not arise. The answer to the third part is also in the negative but I would inform the Honourable Member that standard types of third class carriages are fitted with 11 roof lights which provide adequate illumination.

NUMBER OF BRITISH UNITS IN THE INDIAN ARMY.

113. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
 (a) Will Government be pleased to state the number of British units in the Indian Army at present ? What was the number of such units before the war ?

(b) Is it a fact that British troops are sent back to England after serving in India for a certain number of years ? Will Government be pleased to state the period after which British troops are sent back home at present ? What was the period after which British troops used to be sent back to England before the war ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) I lay a statement on the table containing the required information.

(b) The answer to the first question is in the affirmative. The period of service in India for British troops varies according to the arm of the service, but is on an average about five years. This is the same as before the war.

Statements giving the number of British units in the Army in India.

Units.	Number.	
	1914.	1934.
Cavalry Regiments	9	5
Royal Horse Artillery Batteries	11	4
Field Batteries	45	42
Ammunition Columns	21	3
	(Brigade and (Divisional Battery).	
Light Batteries	8	6
Medium Batteries	27	{ 6 2
Heavy Batteries		
Anti-Aircraft Battery . . . . .	..	1
Infantry Battalions	52	45
Armoured Car Companies, Royal Tank Corps .	..	6
Light Tank Companies, Royal Tank Corps .	..	2
	173	122

The above excludes mountain batteries which are Indian units.

ANNUAL COST OF TRANSPORT OF TROOPS IN 1913-14, 1925-26 AND 1933-34.

114. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
 (a) Will Government be pleased to state the annual cost of transport of such troops from and to India during the years 1913-14, 1925-26 and 1933-34 ? Will Government be pleased to state whether any contract is made either by the Secretary of State or the Government of India with any shipping companies for the transport of British troops from and to India ? If so, will Government be pleased to state whether public tenders are called for giving such contracts to shipping companies ? If not, why not ?

(b) If tenders are called, will Government be pleased to state whether contracts are made annually or for a fixed number of years and in case of the latter will they be pleased to state the number of years for which such contracts are made ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Enquiries have been instituted and the result will be communicated to the Honourable Member in due course.

THE HONOURABLE MR. HOSSAIN IMAM : Again, Sir, as this is a very important question, we shall be obliged if His Excellency can see his way to lay the information on the table.

THE HONOURABLE THE PRESIDENT : The Honourable Member must know that laying of statements on the table involves cost to Government in the detailed publication of lengthy statements, so this sort of request should be made very rarely. If you have no objection, will you lay it on the table ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Yes.

THE HONOURABLE THE PRESIDENT : Thank you.

CONGRATULATIONS TO THE HONOURABLE SIR KURMA VENKATA REDDI ON HIS APPOINTMENT TO THE EXECUTIVE COUNCIL OF MADRAS.

THE HONOURABLE THE PRESIDENT : Honourable Members, you all must have read the official announcement of the appointment of one of our colleagues, Sir Kurma Reddi, as Executive Councillor of the Government of Madras. (Applause.) All of us who have seen his work during the last few months that he has been in this Council will all unhesitatingly admit that this appointment is fully justified. (Hear, hear.) Sir Kurma Reddi has been only for a few months in this Council but I must say that he has been a real acquisition of strength to this Council. On many occasions we have had the benefit of his knowledge and experience in ventilating many important questions in this Council and we have always heard him with great respect and admiration. His elevation will be really an acquisition to the Madras Government and on behalf of you all and on behalf of myself I wish him all success in the new spheres of his activities.

***THE HONOURABLE SIR KURMA VENKATA REDDI :** Sir, I thank you and the Members of this House most heartily for the very kind words to which you have given expression. Sir, I shall carry away with me most happy recollections and reminiscences of this House. Your own vigilant eye, Sir, which knows where to look at the right moment, the discipline which you expect Members to maintain in this House and your great sense of impartiality will never be forgotten by me. Sir, I shall also take away with me what real statesmanship means when I remember the great Leader of this House. I had occasion to serve under him for two or three years, but that was from a distance of 3,000 miles. It is only when I came into direct contact with him that I knew what real statesmanship means, that which has been described as the capacity to control men and events. Next, Sir, I shall never forget the Leader of the Opposition whose humility, simplicity and patriotism are worthy of any Leader of Opposition. And lastly, Sir, I shall carry away with me the wonderful dignity of this House, worthy of the highest Legislative Assembly in this land. Sir, I thank you once again. (Applause.)

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, which was passed by the Legislative Assembly at its meeting held on Wednesday, the 28th March, 1934.

THE HONOURABLE THE PRESIDENT : Honourable Members, I have already informed you by Circular No. XV, dated the 26th March, that I propose to suspend the Standing Orders and Rules of Business and to proceed

* Speech not corrected by the Honourable Member.

[The Honourable the President.]

with the Finance Bill this afternoon at two-thirty. I must state that it is with considerable amount of sorrow and reluctance that I have been compelled to adopt this step. I fully realize your disappointment in not having the full statutory limit of time at your disposal to study the Bill and to offer your comments on it. But we have now got to make the best of the situation and I know I shall have your full assistance and co-operation in finishing this Bill by tomorrow evening, if possible. I do not wish to break the continuity of the holidays as some of our Honourable colleagues have decided to take some rest during the forthcoming holidays. I therefore hope that you will agree to my suggestion. At the same time, I must inform the Honourable Member in charge of the Bill that it has now become a normal practice with Government for the last three years to rush a Bill of such importance and magnitude in this House at the eleventh hour. It is, if I am permitted to say so, scant courtesy to this House. This House looks with dissatisfaction and a certain measure of disappointment upon this policy of the Government of India. A little exercise of discretion and sound judgment in the allocation of work in the other House would have averted such disappointment and inconvenience to Honourable Members of this House. I notice that this could have been easily done inasmuch as there was no necessity to give precedence in the other House for the discussion of the Indian Tariff (Textile Protection) Amending Bill which could have conveniently waited for some days, and precedence ought to have been given to the Finance Bill in which the country is so much interested. I think it is my duty to point out to the Government that this state of affairs should not happen again, and if it does, Government will have to take the full consequences of the delay of the passage of the Bill in this House. I have made these observations as I feel it my duty to safeguard the interests and privileges of this House and we should have full opportunity in future of discussing important measures like the Finance Bill according to the Standing Orders, Rules and Regulations.

INDIAN TRUSTS (AMENDMENT) BILL.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member) : Sir, I move for leave to introduce a Bill further to amend the Indian Trusts Act, 1882, for a certain purpose.

It was in May, 1930, that the Government of Madras submitted a proposal for the amendment of section 20, sub-section (a) of the Indian Trusts Act, 1882, so as to include in it the debentures of the Central Land Mortgage Bank, Madras, thereby securing recognition for them as trustee securities. The Government of India consulted Local Governments in the matter adding that any amendment that was made should take the form of addition of the debentures of all Land Mortgage Banks to the list of trustee securities. Local Governments generally agreed. But on further examination of the case it was held that the question of extending the list of all-India trustee securities was one which could not be satisfactorily settled until the new constitution had been framed, and that, in the meanwhile, the Central Land Mortgage Bank, Madras, might apply to the Madras High Court for the recognition of its debentures as trustee securities under section 20 (f) of the Indian Trust Act. The Government of Madras were informed accordingly. They represented however that the Madras High Court declined to make a rule as required and requested that the decision might be reconsidered. It was as a result of a Resolution moved by a Member of the Legislative Assembly in

March, 1933, that Government had to look into the matter once more, and undertook as the result of that investigation to ask Local Governments whether it would meet their wishes if the concession was limited to securities guaranteed unconditionally by a Local Government both as to principal and interest if the amendment was expressed generally instead of being merely limited to Madras. They agreed, and it is accordingly proposed to add the following proviso to section 20(a) of the Indian Trusts Act, 1882, on the lines of the addition made by the Joint Committee on the Reserve Bank Bill to clause 17 (8) of that Bill :

“ Provided that securities, both the principal whereof and the interest whereon shall have been fully and unconditionally guaranteed by any such Government, shall be deemed for the purposes of this clause, to be securities of such Government.”

I am glad, Sir, that the desire of this House to have important Bills moved in this House is satisfied by this Motion.

The Motion was adopted.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Sir, I introduce the Bill.

The Council then adjourned till Half Past Two of the Clock.

The Council re-assembled at Half Past Two of the Clock, the Honourable the President in the Chair.

INDIAN FINANCE BILL, 1934.

THE HONOURABLE MR. J. B. TAYLOR (Additional Finance Secretary) : Sir, I move :

“ That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, as passed by the Legislative Assembly, be taken into consideration.”

Sir, I must apologise to this House for the shortness of the notice with which we have brought this important measure before you and the shortness of the time which it is possible to devote to its consideration. How far the time could have been extended by redistribution of business or in any other way I am not in a position to say,—but I can assure you, Sir, that the remarks which you made this morning will be brought to notice and given careful consideration.

Sir, I do not propose still further to encroach upon the limited time of this House by a lengthy introductory speech. The proposals in this Finance Bill were set before you a month ago by the Honourable Sir Alan Parsons in the general budget speech and I shall merely recapitulate what they were.

In the first place, we propose a redistribution of the taxes on tobacco because we found that owing to a discrepancy between the tax on imported

[Mr. J. B. Taylor.]

cigarettes and the tax on imported tobacco there was a certain diversion of duty which led to a loss of revenue owing to imported tobacco being used for the manufacture in India of cigarettes of a similar quality and appearance to those which would otherwise have been imported. Second, Sir, we proposed the abolition of the export duty on hides. Third, we proposed to reduce the import duty on silver and to effect a similar reduction in the excise on silver produced in the country. Fourth, we made various proposals for altering, generally in a downward direction, the rates on letters and telegrams, with a slight change as regards postal packets and similar printed material. I do not propose, Sir, to discuss these in detail, because, as I said, they have already been set out and the House is fully aware of the reasons which gave rise to them. I shall merely put before the House the alterations which have been effected in the passage of the measure through another place.

In the first place, Sir, the duties on tobacco and cigarettes have been modified upwards. There was a feeling that our proposals, which amounted to a reduction in the duty on imported cigarettes, with a slight countervailing increase in the rate on the tobacco which is imported for the manufacture of cigarettes in this country, would operate to discourage the growth or production of higher qualities of tobacco in India. For this reason, Sir, Government have accepted amendments which have had the effect of raising the duty on imported tobacco which is used for this purpose and similarly to increase the duty on imported cigarettes so as to redress the discrepancy which existed before the Bill was introduced.

The second change, Sir, is a very minor one. We have left the initial rate on books, patterns and sample packets at nine pies in the Bill, but have left the additional charge for further amounts unaltered at six pies. In the Bill as originally introduced the rate was nine pies flat for every five tolas or fraction thereof. The reason for raising this charge was primarily to prevent the abuse of this form of remittance through the post by diverting matter which ought to have been carried at the higher letter or postcard rate into the lower rate available for printed matter. Therefore it was merely the initial charge which was important and Government were prepared and have reduced the rate for subsequent increases to the former level, that is to say, to six pies.

These, Sir, are the two changes which have been effected in the Bill in its passage through the other House, and I will not delay the House further, Sir, but recommend this measure to their consideration.

THE HONOURABLE THE PRESIDENT: Debate will now commence on the Finance Bill. At about four-thirty I will adjourn the Council for 20 minutes for tea; and thereafter the Council will sit late in the evening till the consideration stage of the Bill is passed.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: Non-Muhammadan): Sir, we on this side of the House are very thankful to you for voicing our feelings about the scant courtesy shown to the House by bringing such an important measure all at once without giving us any time for preparation. Sir, the Government always shows the same attitude to this House and it is for us through you, Sir, to press our rights and privileges, and unless we do so the Government will not show the regard that ought to be shown to this House. It was only the other day in the Assembly when the Tariff Bill was going to be referred to a Select Committee that a Motion was made from the Opposition

benches that the time limit for the submission of the report of the Committee should be extended from ten days to, I think, three weeks. The Motion was carried against their wishes and they asserted their right. What was the result? The result was that the Leader of the House came in for an extension of time after a few days. It was only last night that a closure Motion was moved from the Government benches and carried in the other House. The Assembly people asserted their rights and the voting was again taken. No objection was made and no less than ten or twelve Members spoke after the Motion was actually carried. So, Sir, it is for us to assert our rights if we want that the Government should at least show the same courtesy to this House that it does to the Lower House.

Sir, it is my painful duty to lodge a strong protest against the Finance Bill that has been placed before us because it is one of the last finance measures of Sir George Schuster. Year in, year out, we find proposals for fresh taxation and the continuance of those taxes that were levied once as an emergency measure. The House will remember that it was in 1931 that the Government introduced certain taxes as an emergency measure under special circumstances for 18 months. Then it was considered that after 18 months the country would be relieved of them. The Honourable the Finance Member when introducing those taxes laid stress on three points. Firstly, Sir, he said that he wanted that the responsible Minister of Government should have a balanced budget when he took over charge. The second point on which he laid stress was that the credit of India should be high in the eyes of other countries. And thirdly, Sir, he said that the measures for taxation should fall equally on all classes without distinction. With those objects, Sir, he levied a surcharge of 25 per cent. side by side with the salaries cut of ten per cent. But, Sir, what we find is that last year the salaries cut was reduced by half—that is, five per cent. was restored without any change in the surcharge. It was but in the fitness of things that this year the Government ought to have brought in and relieved the country of half the surcharge if not the whole of it after the restoration of five per cent. of the salaries cut, because it was levied on the same understanding. But we find that it is going on, not for 18 months but for two and a half years and we are asked to vote for another year. Sir, this teaches us a lesson that, however temporary a measure Government may introduce, so far as financial measures are concerned we should not believe in the promises of the Government. It may be a temporary measure for the time being but it is very difficult to get rid of it as time goes on.

Sir, if you look at the budget from the beginning to the end you will not find any constructive measure in it. So much so that no consideration has been paid at all to lightening the burden of these taxes on the masses at any point. We know, Sir, that India is an agricultural country and how much the masses have indebtedness. Nothing has been done, in spite of all the pressure we have brought to bear year after year, to relieve the masses from indebtedness. Sir, whenever we bring forward measures for the improvement of the nation-building departments, the reply comes that we are short of funds. It was only the other day that I took up a scheme of the Leader of the House, that is, an Advisory Imperial Council on Co-operation. The scheme was placed before the Conference of Registrars but in reply we found that the Government was going to take the opinion of the provinces and unless there are funds provided there is no hope of its being taken up. We find the same thing, Sir, today in answer to a question of one of my colleagues about the Central Board of Sanitation. This scheme is also hanging from a long time

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

on account of financial stringency. So, Sir, whenever the question of improving nation-building departments comes up, we are told blankly and plainly that Government has got no funds. But for the schemes which Government wants to carry out the funds come in and if they do not, fresh taxation is imposed on us for the purpose.

Sir, the only relieving feature, if it can be called so, in the Finance Bill is the proposal for the reduction of three pies in the letter postage, for which we are very thankful to the Honourable Sir Frank Noyce, whom we find sitting in front of us. But, Sir, that scheme in itself has been nullified on account of the fact that the weight of the letter on which a one-anna stamp will be fixed has been kept at half a tola. With this weight, I am sure that the number of letters will be very small indeed. For a letter weighing two and a half tolas we are required to put a stamp of one anna and three pies, while for a letter weighing half a tola we are required to put a stamp of one anna. I do not see the logic or the reasonableness of the proposal at all. If the weight of these letters is to be increased from half a tola to a tola, I am sure people will utilize it more and the Government will be benefitted by the increased income. Sir, when the postage rates were increased, some of the Members sounded a note of warning that the income would be reduced and I am glad to find that the Government has realized after two years that the same has proved true and the income on letters has been reduced. Today I again sound the same note of warning to the Honourable Member that if the weight of these letters is not increased from half a tola to one tola, the increase in income will be only nominal.

The next speciality of the Finance Bill is the taxation on *swadeshi* industries, namely, sugar, matches, and tobacco. This is a novel way of taxation so far as sugar is concerned. We do not grudge if Government come forward and tax the profits of a company. But when Government come forward to tax the production of a factory which is not a luxury but a necessity of life, I must submit that it is a novel way of taxation. Sir, it was on a definite move of the Government as to the tariff levied on the import of sugar that so many factories have been started two years ago. Out of the 135 factories that are existing at present in India, as many as 61 were started this year and most of them have not worked for a full season when we find that they have been heavily taxed. This tax which is levied on the production of a necessity of life will be borne, I am afraid, by the consumers and the cane-growers side by side with the factory, and therefore I protest most strongly against it.

Then, Sir, a heavy tax has been levied on matches. This tax will hit the poorest of the poor in the country because the consumption of matches by the lower middle class is more than 75 per cent. We already find in the market that the price of a match box has been doubled. The tax has been introduced because Government are going to give Rs. 2 crores to Bengal. Sir, I once more protest against the policy of the Government in this matter. We are aware that the Finance Committee of the Round Table Conference considered the question of taxation of the match industry in India and this was particularly reserved for the Finance Minister in the reformed Government in order to give relief to all provinces on account of the heavy expenditure that the provinces will have to bear for the introduction of the new reforms. But Government are levying this tax at a time we do not know when the reformed constitution will be introduced in the country, if at all.

Sir, the other provinces have shown a balanced budget, made cuts and increased taxation on themselves, and for that reason they are suffering a loss

by not getting anything from the Government of India. With your permission, Sir, I will just quote some figures to show what is the incidence of taxation in each province which will prove this assertion of mine. The incidence of taxation per head in the provinces is as follows :

Bombay	6.5
Bengal	1.8
Madras	3.5
United Provinces	2.4
Punjab	4.0
Central Provinces	3
Bihar and Orissa	1.3
Burma	6.3

Bengal comes next to Bihar as the lowest taxed province. So, Sir, if Bengal has not increased its taxation or if it has not reduced some important posts like Executive Councillors or Ministers as other provinces have done, why should other provinces suffer for this ?

Then, Sir, I find that no reduction has been made in the salt tax. This is also a tax which hits the poorest of the poor. The agitation for the reduction or even abolition of the salt tax has been going on for the last not less than two decades. But we find that no reduction has been made in this tax too.

Sir, since the introduction of the Montagu-Chelmsford reforms 14 years ago, the Government expenses have gone up very much and no serious effort has been made to reduce them. Unless that is done I am sure that taxation will not help in balancing the budget. The law of diminishing returns must come into play and I must say that this has already commenced so far as the import and export figures are concerned. The country's total revenue normally is Rs. 70,84 crores. The abnormal taxes levied during the last five years amount to Rs. 50 crores. This is a very serious position especially in view of the fact that the country's income, both agricultural and industrial, has gone down considerably. If you will permit me, Sir, I will show from the Government Review on certain items of foreign trade of 1933 that India has not been able to recover the price that other countries have been able to do and I do not see why Government have not made serious efforts over it. The report says on page 7 :

"The foregoing table also brings into relief the general heavier fall in the prices of agricultural produce than in those of the manufactured goods. India being preponderantly an agricultural country, this greater fall has naturally affected the income of the agricultural population adversely".

The decrease in agricultural price between 1928-29 and 1932-33 is about 47.5 per cent. So the Government ought to have made every effort to raise the prices of agricultural produce in this country. For this it was very necessary to delink the rupee. We have been crying for the last several years that the Government should delink the rupee from sterling, and I do not know why they have not given a trial to this view which is held by all classes and sections in India.

Sir, these are some of the destructive criticisms which I have to offer.

3 P.M. A question might now be put from the other side as to what suggestions I have to offer for the balancing of the budget without increase in taxation. It is primarily the duty of those who occupy the Treasury benches to put constructive suggestions and it is the

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

duty of the Opposition always to criticize them. But to help my Honourable friend I will throw out some suggestions which if they like they can adopt. Sir, at the very outset, so far as the levying of import duties is concerned, the Government should give up the idea of imperial preference. We find, whatever the import duty levied may be, that there is always an idea at the back of it of imperial preference. So long as that idea persists I am sure there will not be much relief in this direction. The country has been pressing for an export duty on gold. I do not know why the Government has allowed so much gold to be exported without giving any serious consideration to the levy of a duty on it. Then we want that the Government should levy duties on the import of vegetable ghee and even a heavy duty on the import of textile goods. But that is not being done. Sir, we also want taxes to be levied on all kinds of import of agricultural produce, wheat, rice and anything that is being largely produced in India, to put a stop to any import from outside. I admit that a duty has been levied on wheat but we find that the Bill to that end is brought in from year to year, which shows that Government is not convinced that this commodity requires proper protection. Then, Sir, India is a poor country and the salaries that are paid here have no parallel in any other country of the world. It is very necessary for India that a heavy reduction in salaries should be made in the case of those already serving and the introduction of new scales for new entrants should be made at the earliest possible time. This saving is very necessary and unless it is done I am afraid our expenses will always be going up. Resolutions have been passed in this House, in the Assembly as well as in Provincial Councils, and it was with the greatest difficulty that a cut of ten per cent. was made, but again five per cent. has been restored. Then Indianization of the services is very necessary and it should be taken up as rapidly as possible. I admit that Government has turned its attention towards this but the speed is very slow and if that speed is maintained it will take centuries before the scheme comes to fruition. Only the other day a Member put some questions in the Assembly about the Political Department as to the number of Indians employed in it. The answer was 151 Europeans and only 15 Indians. It was said that the accepted policy of Government was to give 25 per cent. of the annual vacancies to Indians but we find that since 1926 the number of Indians has only been increased by four. The number of Indians then was eleven and during these last eight or nine years only four more have been appointed in spite of the accepted policy of giving 25 per cent. of vacancies to them. At that rate of Indianization it will take centuries before the services are Indianized. It is very necessary in the interests of economy if nothing else. Then finally, it is also very necessary that the Indianization of the army should be taken up at greater speed than at present. We are all very thankful to His Excellency the Commander-in-Chief for reducing the expenditure to a certain extent, but in this year's budget we find that an increase of Rs. 50 lakhs has again been made over the last budget. When we ask that more Indian troops should be engaged, we are told that at the time of the Mutiny it was decided that the ratio of European and Indian will be put at one to two, and that same ratio in spite of so many inventions and discoveries is being kept up to date. But when we demand that military expenditure should be brought down to the pre-war level we are told that it is not possible. When one thing is possible why not the other and especially in view of the financial position of the country? With your permission, Sir, I will give some figures to show what the expenditure on the army in this country is in comparison with other countries. In India we are spending 33 per cent. of our revenue on the Army Department. In Great Britain it is 23·6 per cent. ; in Australia, 3 per cent. ; in Canada, 3 per cent. ;

in New Zealand, 5 per cent. ; in South Africa, 3 per cent. ; and in the Irish Free State, 6 per cent. You will see that we are spending more than eight to ten times what other Dominions are spending for the maintenance of their armies in proportion to their revenues. Sir, I believe that unless a substantial cut is made in the Army Department, there will be no relief to the tax-payers.

With these observations, Sir, I close my remarks.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Mr. President, I should first of all like to associate myself with the remarks made by you, Sir, during the early part of our proceedings this morning, when you commented on the short time that has been left to us to deal with this important Bill. I am sure that you have the full support of this House behind you while I am also confident that coming from you, Sir, your observations will receive from Government the consideration they deserve.

In view therefore of the limited time at our disposal, my remarks will be brief and I propose to refer only to those matters which more directly concern the Bombay Presidency, of which I have the honour to be a representative.

A good deal has been said already about the Bengal jute tax and the inequity of the match excise having been imposed in order that the Government of India may remit half the jute excise to Bengal. Too much has been said in fact and a good deal would have been better left unsaid ; I particularly regret the attitude adopted by some people over on the Bengal side towards Bombay. The correct view to have taken was well expressed in a recent issue of *Capital* for I think most speeches from Bombay have made it quite clear that they do not grudge Bengal their windfall. On the contrary, sober Bombay opinion admits the urgency of Bengal's need for financial assistance and the equity of their claim to half the jute tax, but when all provinces in differing degrees have urgent financial problems, which must be solved if an all-India federation is to be successfully inaugurated, we protest most strongly against an all-India taxation being imposed at the present stage for the benefit of one unit only. I would assure my Bengal friends that Bombay's attitude would be precisely the same if the province selected for the Government of India's favours had been any other than Bengal.

I have been down in Bombay during the past week and there seems to be a very strong feeling in all circles there—official, non-official, Indian and European—at the attitude up here towards Bombay. I think they have some reason, for having read the press accounts of last week's proceedings in the Assembly, I am left with the feeling that the Honourable the Finance Member is not bothering very much about Bombay these days. His advice is to put on more taxes as he cannot dispense *largesse* ! Now, Sir George Schuster knows well enough that Bombay is taxed up to the hilt, more than any other province, and he has in fact only recently expressed admiration at the extent of her retrenchment and economies during the past two years, so this so-called advice of his cannot be taken seriously. Sir George also knows Bombay is not asking for *largesse*, but merely that if all-India taxation is now imposed, the proceeds should be apportioned in such a way that all provinces would benefit in proportion as they contribute to the taxation.

Such remarks as the foregoing, when they come from my Honourable friend the Finance Member, are resented by Bombay. Now the Honourable the Finance Member might take up the attitude that while a good deal of criticism has been made since his budget speech at the various new measures imposed, no really constructive suggestion has been made as to how otherwise the Government could meet their liabilities. Well, with all due deference

[Mr. E. Miller.]

I should like to suggest how all their difficulties in this connection might have been overcome and I made a similar suggestion a year or two ago. It is one that possibly will not meet with the approval of every section of this House, but if carefully examined from every point of view, I honestly believe it would have been the best policy to have adopted and it would have been felt the least by all classes, even the poorest to whom I would always like to give the first consideration.

I refer to the salt excise and I cannot believe the possibility of increasing this was not considered by the Government of India. If so, why was it rejected for I am convinced that if they had taken their courage in both hands and doubled this, they would have been able to meet all contingencies, including the remitting of half the jute excise. Not only so, but such a measure would have enabled them to say give some relief in the restoration of pay to Government employees and to the general public in the income-tax surcharge. What a wonderful reception the Government would have received had they submitted such proposals and what would it have cost the consumer? I believe I am right in saying that to even the poorest family it would have meant something under four annas per head per annum and even suppose we double that figure which would, I believe, be a very exaggerated estimate, does any one claim that an extra ten pias per month would incur any really severe hardship to the poorest members of the Indian community. I cannot believe that anybody would seriously make such a claim? I believe that such a step will have to be taken by the Government of India sooner or later, and I submit that the present financial year of 1934-35 was the time to introduce it. Government may say that for political reasons the time was not opportune, but if such a plea is put forward I can only say it will leave me at any rate entirely unconvinced.

Now, I must again refer to the question of the transfer of trade from Bombay to Kathiawar ports. Until quite recently all the representations Bombay have made to the Government of India appear to have received scant attention and we cannot help but feel that it is only because they now realize the heavy losses that central revenues are sustaining, that some action seems to be contemplated. The Honourable the Finance Member in the early hours of this morning in another place, promised an enquiry and we are grateful for that, but I would stress again that prompt action is urgently necessary and would also draw attention to the fact that it is not only the ports of Bombay and Karachi that are intimately concerned, but it is also *the presidency's* most pressing problem. We shall watch with interest therefore what transpires, for apart from anything else it will serve to shew to what extent the Government of India are merely self-interested and to what extent their concern is really for Bombay.

That, Sir, is all I propose to say on this occasion.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH (Bihar and Orissa : Non-Muhammadan) : Sir, before the Bill is finally passed, I take this opportunity of congratulating the Honourable the Finance Member and also the Government of India as a whole for coming forward with the generous and prompt help for the distressed people of the province to which I have the honour to belong. The huge task of reconstruction of the province and also to relieve the sufferings of the distressed was beyond the resources of the provincial Government, however great efforts it might have made to meet the situation. In coming to the Bill itself I cannot reconcile myself to the heavy burden of taxation that has become a permanent feature of the annual budget and the Finance Bill. Strenuous efforts have yet to be made to

substantially reduce the cost of the top-heavy civil and military administrations of the country. There is no other Government in the world whose services are paid such princely salaries as those in India. The passage concessions and other concomitant concessions granted to the services at a time when the price level was abnormally high is being continued for the imperial services even when the price level has practically come down to pre-war level. Due to the fall in prices the reduced scales of pay for the services under the control of the Government of India have been introduced, but the mere introduction of new scales will not bring in substantial reduction of expenditure unless steps are taken to enforce compulsory retirement after 25 years' service for all classes of officers, imperial, central or subordinate but with few exceptions. Then the military expenditure in India is beyond any proportion to her total revenues. There is no civilized country in the world where such a large standing army is maintained at a cost of about 33 per cent. of the total revenues even in times of peace. India does not require so big an army for either her internal disturbances or even in the contingency of a foreign invasion. During the last European war every country had to face that contingency and they did meet the situation.

Sir, as a result of the system of taxation under the head "Income-tax," capital is becoming shy and industrial development is being retarded. Sir, there is nothing for us to gloat over the cheap money market for raising loans at cheaper rates. Look at the other side of the picture. Owing to heavy income-tax, super-tax and surcharge, capital is not flowing to the field of industries. Capitalists do not wish to risk their capital in industrial concerns as they know that if they are successful, most of their income will go to the State coffers; on the contrary if he is unsuccessful, he will lose all his capital and will be a ruined man. The policy of income-tax should be revised so that capital may not be shy for industrial development of the country. Then, Sir, the surcharge levied on all taxes as an emergent measure requires serious consideration. I would request the Government to consider seriously whether there is any other country where a poor man's needs are so much taxed? I do not say for a moment that the army is not required or highly paid officers are not required. They are essentials of good government but it does not mean that the people should be crushed under the grinding wheels of taxation both direct and indirect for keeping a machinery most unsuited for her people at the present moment.

Sir, in our childhood days we were taught about the benefits of British rule and amongst them we were told that cheap postage and cheap communication by land and water are the main benefits. Sir, owing to the increase in postal rates by about three times and the corresponding increase in railway fares, ordinary masses have begun to doubt the same. Let Government ponder over the matter and do what is needful.

Sir, with these words, I resume my seat.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, the Finance Bill continues to maintain the very high level of taxation which was found necessary two years ago.

The rates of income-tax and super-tax remain unchanged and, in spite of these abnormal rates the income from this source has not increased. The blighting effect of this level of taxation on the trade and commerce of the country is obvious. The capitalists are shy of investments and the vaults of the banks are filled with idle money. This is partly, no doubt, due to the depression and the shrinkage in our import and export trade, but it is equally due to the high rates of income-tax and super-tax. I should also refer to the

[Mr. Mahmud Suhrawardy.]

extraordinary step taken in 1931 in lowering the level of income for the purposes of taxation to Rs. 1,000 per year. The former level was Rs. 2,000 per annum and the result of the change has been harassment and unending trouble to the petty traders and the small shop-keepers. I should like to know, Sir, what income is derived by the Government from the assessment of income between Rs. 1,000 and Rs. 1,500, and between Rs. 1,500 and Rs. 2,000, and I should like to have some information as to the number of assessees in each case, and the cost of additional staff necessitated for the purpose of collecting taxes on their income? I think there is a strong case for exempting these classes of persons and raising the level of income-tax to the old standard of Rs. 2,000.

Sir, there are some changes proposed in the postal and telegraph rates which I want the House to examine. The postage rates of letters not exceeding half a tola in weight are reduced to one anna, but I am not sure whether this will be a great boon to the public and the masses, but even if it were, I would have liked to see this reform put off and the price of postcards reduced to half an anna, and that is the more urgent need and will be of direct help to the poorest class of people who use the post offices in the remote villages of our country. What does it matter to the people of remote villages when you can talk from one hilltop to another hilltop, from Delhi to Simla, from Simla to Calcutta or from Poona to Madras, when you cannot give relief to the people of distant villages who are unable to pay the price of three pice for a postcard in order to obtain the anxious news of their distant relatives? Further, Sir, I very much fear that the reduction in letters further postpones the day when the reduction in postcards can be expected.

I find, Sir, that the duty on cigarettes and on unmanufactured tobacco has been partly increased beyond the provisions of the original Bill by an amendment in another place. These are articles of luxury and there will be no sympathy for any one who complains of these high duties. I understand however, that the object of the increased duty is to encourage the use of Indian tobacco. If it is a protective measure, it would have been much better if a tariff enquiry had made a survey of the production and the industry and the Government would have acted thereafter. I still hope that both the Government of India and Local Governments will examine the problems relating to tobacco cultivation and that the Imperial Agricultural Research Council give its help in improving the cultivation of tobacco.

Sir, this is the last Finance Bill of the Honourable Sir George Schuster and though his task has not been a pleasant one, he has tried to do the best he could for the country. We are grateful to him and hope that his successor will be more fortunate in reducing some of his burdens.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General): Sir, in examining the taxation proposals of a modern country, I believe I would be right if I examine those proposals in accordance with certain principles of taxation expounded by certain political economists which I remember to have read in my college days. There are three factors, Sir, which govern the taxation policy of a modern civilized Government.

The first is that it must lessen, so far as possible, the burden of taxation on those least able to bear it. The second that it must remove influences which retard steady development of business and industry. The third that the permanent tax system should be designed not for one or two years, nor for the effect, it has on any given class of tax-payers, but should be worked out with regard to conditions over a long period and with a view to its ultimate effect

on the prosperity of the country as a whole. Judged by these standards, neither the present policy nor the policy followed for the last four or five years seems to have benefitted any particular class in this country. I say so, Sir, with all the emphasis at my command because I find the merchant princes in Bombay groaning under the heavy burden of super-tax and surcharge, the poor people groaning under the tax on salt and kerosene and the middle class groaning under the tax which has been lately levied on them—I mean the income-tax on incomes ranging from Rs. 1,000 to Rs. 2,000. So, if I follow correctly the taxation system of the Government of India I submit nobody has escaped the burden of serious taxation which has created this depression among the masses as well as the classes of this country.

Sir, let me examine whether the taxation proposals are such as not to increase the burden of those people who belong to the poorer classes. Let us take, for example, the salt tax and the tax on kerosene. My Honourable friend Rai Bahadur Lala Mathura Prasad Mehrotra has just told us that the agitation about the salt tax has been going on for a very long time, it was the bone of contention during the Gandhi-Irwin negotiations, and some concession was given when the Gandhi-Irwin Pact was concluded. I do not say that the Government have no right to tax. My point is that the Government should tax in such a way that the poorer as well as the richer classes do not feel the burden of the tax. I should like to quote an authority here on the salt tax. The Right Honourable Mr. Ramsay MacDonald in his book on "The Government of India" at page 127 says :

" In India, where the Government is a bureaucracy, even this theoretical justification for the salt tax does not exist. If the Indian salt consumer had all the wisdom necessary to come to sound conclusions upon the cost of his government, he has no power to alter it by one farthing. The salt tax is exaction and oppression ; and if the people understood it, it would only breed discontent "

Now, Sir, the second factor which I stated just now that Government should take into account in framing their taxation proposals is also neglected while taxing the people of India. I mean the principle whether the taxation proposals really stimulate business and industry. The taxation on machinery, I submit, does not in any way stimulate the infant or nascent industries of India. They retard to some extent their growth. So, I submit that the taxation policy which has been followed and the additional taxes that are levied every year upon the masses as well as the classes do not in any way speak to the sound financial policy of the Government of India. As I said in my budget speech, the budget may be a surplus budget on paper, but if you consider the position of the masses as well as that of the middle class and the rich merchant princes of India, during the last four years, I submit that your proposals have in no way helped to relieve their suffering. Not only that, but your proposals have made the situation worse and unless and until you take into consideration the economic depression and the decrease in the purchasing power of India and frame your proposals accordingly, you cannot have a sound budget and your policy of taxation based on sound lines. You go on taxing the people every year. My friend has just told us that the normal taxation capacity is Rs. 70.84 crores and the abnormal taxes that have been levied during the last five years have gone up to Rs. 50 crores. You have reached an abnormal stage and still you do not at all take into consideration the sufferings of the masses as well as the classes. My submission is that unless you pay serious attention to the position created in India during the last three or four years, an unfortunate accident may happen when you and

[Mr. Vinayak Vithal Kalikar.]

I will both have to suffer. It is very fortunate that we do not see any agricultural discontent. I wish that the agriculturists should not resort to any direct action. You see that the prices of agricultural produce have gone down nearly to 25 or 30 per cent. but your proposals for additional taxation have gone up by 50 to 75 per cent. My friend has made some constructive suggestions, but I am sure, however well-minded His Excellency the Commander-in-Chief or any other Member of the Executive Council of the Government of India may be, it is not in their power to come to our rescue unless they are responsible to us. It is the present system of government which is responsible for this heavy taxation, and we, on this side of the House, are fighting for a change of that system. We desire that the Honourable Members of the Executive Council should be responsible to the Indian Legislature, and when that day comes, we certainly, on this side of the House, will support any sound and reasonable taxation proposal.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Wait for that day!

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR : I am waiting for that day, and I pray God that the day may come soon.

My friend has spoken about the army expenditure. He has given figures to show what proportion the army expenditure bears to the general revenue of other dominions like Australia and Canada. That matter was thoroughly discussed here the other day, but unfortunately he was not present on that day. I may submit that even with the explanation given by His Excellency the Commander-in-Chief on that day, we are still not satisfied that the army expenditure cannot be decreased as we, on this side of the House, desire. I have no quarrel with the Government of India about the army expenditure, because the Government of India had laid their case before the Tribunal and the Tribunal did not accept it. If the Tribunal had accepted that claim, our army expenditure would have gone down. My quarrel is with the British Government, not with the Government of India or His Excellency the Commander-in-Chief. Though I am not an expert, I have read what experts have written, and I submit that such a large army is not necessary for India. If it is at all necessary it is necessary for imperial purposes and not for Indian purposes. And if the army is maintained, as is admitted by some military experts, for imperial purposes, why should poor India especially in these conditions of depression bear the cost? The other day I read in the papers that the Right Honourable Mr. Winston Churchill took the Secretary of State to task for giving Rs. 1 crore and 78 lakhs from the British Exchequer to Indian revenues, and the two grounds he mentioned in his attack on the Secretary of State were that there was a depression in Britain and that the demand was made simply to oil the wheels of the White Paper. Putting aside the other question, I would ask him whether the depression exists in India or not, whether there is unemployment in India or not? Unfortunately there is no bureau here to maintain figures of unemployment amongst the educated classes or even the uneducated classes as there is in England. But look at our young men who having obtained the necessary university qualifications find it difficult to find employment to maintain themselves. And look at the poor condition of the agriculturists. Can not Mr. Churchill imagine the bad plight of India? He is careful about the depression in Great Britain, but in asking the Secretary of State not to pay the contribution because of the depression at home I wish he might have taken into consideration the conditions in India as they exist today.

Now, Sir, my Honourable friend Mr. Mehrotra has spoken about the top-heavy expenditure of the Government on the civil side and the necessity for new scales of pay. I do not want to go into details but I may assure him that however well-minded the Government may be it is not possible for them to do anything because they have to take orders from Whitehall and not from us. When they take orders from us they will be the first to come forward with measures of retrenchment and with certain reasonable taxation proposals which we will all be able to support and they will then be able to show you the results that you expect.

Sir, it is a hard job to talk of the taxation proposals in detail. I will not say anything of the sugar and match taxes as those Bills will come up later and will give us the opportunity to speak on that then. But I would like to refer to one thing and that is the gift of Rs. 2 crores to Bengal and Bihar. I see my Honourable friend Mr. Hossain Imam staring at me. I have nothing to complain of. I am glad that they have got it, but I am opposed to the principle of giving to provinces like this when your own finances are not in a sound position. In fact, if the taxes on sugar and matches had not been introduced you would have been in deficit. So I submit that your budget is a deficit budget, and until you had put your own house in order you had no right to give this amount to Bengal and Bihar. You have set a very bad example. My province is purely or mainly agricultural. For the information of this House I may state that about five years ago the income of my province was Rs. 6 crores. It has come down now to Rs. 4 crores. So there has been a drop of Rs. 2 crores in the income of the province, and I may tell this House that the Government and Legislature of my province are so very careful about expenditure that they have reduced it to such an extent as to show a balanced budget this year also. But at what cost? At the cost of curtailing useful activities in the nation-building departments. They knew that if they had a deficit budget and appealed to the Government of India the Government of India would not have come to their assistance. But now there is a precedent. As my Honourable friend has shown just now, the incidence of taxation in my province is three, and if that province shows a deficit in future I think a precedent is laid down and my province will get something. I congratulate my Honourable friends for having got that money, but I warn the Government of India that it is a bad precedent. And you have given that money not only when your own house is not in order but by taking money from the poorer classes through the match tax. All the provinces in India have to suffer so that Bengal and Bihar might gain. I cannot follow the reasoning or the reasonableness of the proposal. We do not grudge giving help. We have not grudged you giving relief to Bihar; in fact we, on this side of the House, have urged upon you to give more. But our request to the Government is that you should seriously consider the present economic depression in India and after giving full consideration to the paying capacity of the taxpayer, frame your taxation proposals, so that the general taxpayer should not feel the burden of taxation.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN
(North-West Frontier Province: Nominated Non-Official): Sir, it is absolutely useless now for anybody to discuss the Finance Bill at this juncture as there is only a limited time of a few hours at our disposal to discuss it. It is a decided factor that the Bill is going to be an Act and nothing on earth can prevent it from becoming a law after the lapse of a few hours. I do not want to say much as I have fully dealt with it at the time of the budget discussion. At the present moment I would only ask the Government to show

[Major Nawab Sir Mahomed Akbar Khan.]

some consideration for reduction in taxation. There ought to be some relief granted to the taxpayer but to our great disappointment the taxpayer is being burdened with fresh taxations everywhere, without the least consideration being shown towards its relief in some way. This every year increase in the burden of taxation is sure to break the back of the taxpayer resulting in widespread poverty, indigency, destitution and pauperism throughout this country. The Government ought to consider these facts which are casting their shadows on the wretched taxpayer already. I cannot believe that the Government is not cognizant of the distressful economic condition prevailing in this country and I cannot find language in which to appeal to them.

As regards the concession of the one-anna stamp on an envelope, I do not consider it a concession at all but regard it as a trap laid to effect an increase in the postal revenue as it will be hard for the writer of a letter to find whether the envelope of his letter weighs half a tola or a little more and in case it is found to be slightly in excess of the stipulated weight it will be necessary for the addressee or the sender to pay two annas more as "bearing" charges with the result that a single letter will cost seven pice more than the prevailing rate of five pice now for a letter of two and a half tolas. I think this concession would have been a real boon to the country if the question of the weight of letters had been at one tola instead of half a tola.

Before resuming my seat I must express my full agreement and concurrence with the Honourable the President in his most appropriate remarks of this morning against the manner in which this House is being dealt with in regard to the disposal of such an important Bill, when the major portion of the taxes are being realized from the constituencies of Members represented in this House. And I have no hesitation in repeating the remarks that the Members of this House pay bigger taxes and that they have their interest more at stake than the Members of the other House and as such they must be allowed at least the prescribed limit of time for the consideration and discussion of this Bill. This system of rushing the Finance Bill is altogether contrary to the interests of this House and I most heartily congratulate the Honourable the President for his impartial attitude of this morning in voicing the feelings of every non-official Member of this House, whether elected or nominated, and we fully concur, co-operate and support him in his views which he communicated to the official Member who wanted to rush this most important Bill in such an extraordinary, unusual, uncommon and peculiar manner.

THE HONOURABLE MR. J. B. GLASS (Burma Chamber of Commerce) : Sir, in my recent speech on the budget in this Council I emphasized the view of the Burma Chamber of Commerce on what all Burma regards as a very important issue, namely, the question of a refund to Burma of half the rice export duty. But the Honourable the Finance Member gave me no reply. Since then my views have been endorsed by the Government of Burma and by a unanimous Resolution of the Burma Legislative Council. When my colleague in another place put forward some facts and figures and argued Burma's case, the Honourable the Finance Member replied chiefly by quoting a part of a speech made by Mr. B. N. Das, a Member of the Burma Legislative Council, during the discussion of this matter on an adjournment Motion. I wish that the Honourable the Finance Member had quoted rather more of that speech. For one thing, Sir, Mr. Das began his speech by declaring himself to be the representative of Bengal; it is therefore of particular interest to find that he went on to declare, not merely that he sympathized with Burma's

position (as the Honourable the Finance Member stated), but that he wholeheartedly supported the claim of Burma for half the proceeds of the rice duty, and that he supported it on the grounds of justice, equity and good conscience. It would perhaps be unwise to rely upon good conscience as the ground for an appeal to any Finance Member, but on the grounds of justice and equity Burma has already, I submit, established its claim. Unfortunately, not having the full record of the debate in the Burma Legislative Council, the newspapers here in India were led to suppose that by his quotation Sir George Schuster had effectively disposed of Burma's claim when he had merely brushed it aside. Sir, Burma *has* based its claim upon its merit, and on suitable occasions Burma will continue to press its claim on that basis as the Honourable the Finance Member has recommended.

I am grateful to the Honourable the Finance Member for his remarks on that occasion because they led me to study his budget speech more closely with a view to discovering the policy which is the key to his differentiation between Bengal and Burma. I see in him now the far-sighted organizer of a new India as a co-operative society with the provinces for its members and their welfare for its object. His first step towards this end is the financial rehabilitation of one of those provinces which seems to be in great difficulty. But this help is not given entirely for the sake of that province; it is not a province but a great "new India" that Sir George seeks to establish. The pity is that he has concealed the noble proportions of his plan. He is the builder of a stately edifice; but he has shown us only the rough scaffolding, erected as a preliminary step, and has asked us to judge his building by that.

Now, Sir, we do not yet know whether there will be a Burma wing to this building; or to revert to my other metaphor, we do not yet know whether Burma will be a member of that great new India. Burma must therefore be regarded, for consideration of its present claim, as a federating province of India, sharing not only the disabilities of the position, fiscally and otherwise but entitled also to any immediate relief which should accrue to it in equity through that association. At the moment the point is a refund of a portion of the rice export tax on similar lines to the refund to be made to Bengal of the jute export tax.

The Honourable the Finance Member, however, stated in another place that he cannot admit that the present occasion, when Government is making proposals for assisting Bengal, adds any force to the claim which Burma can make but that any case Burma wishes to put forward must stand on its own merits.

Sir, the merits of Burma's case are outstanding and in no way less clear than those of Bengal's case. Burma, like Bengal, is an agricultural province and has felt in the same way the pressure of payment for carrying our India's protective fiscal policy.

The fall in value of Burma's produce in the three years 1928-29 to 1931-32 is shown on page 12 of the official publication entitled *Review of Trade in 1932-33* to have been on precisely the same scale as in Bengal, namely, a fall of 54 per cent.

During the last four years Burma in order to balance its budget has had to borrow over Rs. 5 crores from the Government of India; a further sum of Rs. 86 lakhs is estimated to be required for 1934-35, making for the five years a total of just under 6 crores or the equivalent of Rs. 4 per head of its population. The Finance Member stated in his budget speech that Bengal's debt

[Mr. J. B. Glass.]

will have grown by Rs. 7 crores in the same period and is likely to become unmanageable. But this amounts only to about Rs. 1-6-0 per head of the population or just over one-third the corresponding amount for Burma.

If we take the current year's deficits alone we find a similar result, since the estimate made about a month ago for Burma worked out to about thirteen annas per head as compared with seven annas for Bengal.

Various estimates of the comparative rates of taxation per head in the different provinces have recently been given; I prefer to use those given with full references for authority by a representative of Burma in the other House, but estimates on other bases, though differing in actual figures, show the same general effect. The particular calculations I am using give an average rate of taxation in Burma in 1932-33 of Rs. 5-2-0 per head whereas the corresponding rate in Bengal is Rs. 1-6-0. The high figure in Burma is due to the effort made by Burma to pay its own way. In particular I remind Honourable Members of the capitation tax in Burma which amounts to Rs. 4 per married man and Rs. 2 per single man over the age of 18. In this form this tax applies only to Lower Burma, there is however a corresponding tax on a different basis but with about the same average effect in Upper Burma. In addition to these taxes special to Burma, taxes on cigarettes and matches have been specially imposed upon itself by Burma in an effort to pay its own way.

I submit that these comparative figures that I have given suffice to show that there is sufficient ground for investigating in detail the merit of Burma's claim for assistance. I have shown that the merit of Burma's claim is in every way as great as the merit of Bengal's claim. Why, Sir, even the special financial difficulty which Bengal has felt as a result of terrorism has been paralleled in Burma through the cost of suppressing the recent rebellion. It cannot be supposed that the possibility of the separation of Burma can prevent the Honourable the Finance Member from giving due recognition to Burma's claim, since it is unthinkable that Burma should be denied relief on that ground and at the same time be asked to pay for the relief of Bengal.

4 P.M.

Sir, I hope that all Honourable Members of this Council will appreciate the force of my arguments and will give some support to the lone hand I have to play. I also appeal to Sir Alan Parsons, in his reply to this debate to explain Government's attitude towards Burma's claims.

Sir, I submit it would be discourteous to you, Sir, the Members of this House, and the people of Burma if we are not given full details of the Central Government's views on the picture I have painted.

Burma's demand is by the whole country irrespective of politics, race or creed, all differences normally existent being forgotten in a unanimous protest against unfair treatment and in a cry for justice and equity.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras : Non-Muhammadan) : Mr. President, this is an occasion when the representatives of the people are given an opportunity to give expression to their grievances. I therefore wish to bring to the notice of the Government a few grievances in the hope that they will receive due consideration and that they will be redressed as early as possible. First, then, there is the unfortunate condition of the agriculturists of my province. I am an agriculturist myself. I was born in an agricultural family amidst agriculturists. I was brought up amongst them. I live with them. I know their troubles. Nowadays,

only salaried men are able to live decently. All other classes are put to great difficulties to make two ends meet. None of these are maintaining the previous standard of living. They have not enough to eat. Many people have only one meal a day. They may be described as *Jeevatchsavams*, living corpses. Take the case of rice producers. They have small holdings, many of them. When paddy was selling at Rs. 8 a bag they had enough to pay their taxes and cultivation expenses and to maintain their families. Our Hindu families consist not only of a man and his wife and their children but also a number of dependants. There is no family containing less than five members. Some contain even ten or fifteen members. All these must be maintained by the proceeds of the small holding. Today, the price of paddy is not more than Rs. 2-8-0 per bag and the entire sale proceeds of the paddy yield of a small holding are just enough to pay the taxes and the cultivation expenses. On what then is the family to be fed. That is the problem of the day in my province. Our land tax comes up to Rs. 10 to Rs. 15 an acre. Very often the tax is higher than what the tenants pay to the zamindars in the neighbourhood. I am also a zamindar owning some villages. In my villages a tenant pays at the rate of Rs. 3-8-0 per acre to me, in addition they pay Rs. 5 to the Government for water tax and in addition to that they may have to pay annas eight cesses. That makes Rs. 9 per acre. In the neighbouring Government villages the taxes amount to Rs. 10 to Rs. 14. The cultivation expenses now come up to Rs. 20 per acre. This brings it up to something like Rs. 30 to Rs. 34 to be spent on each acre in order to get a produce of one *putty* of paddy worth Rs. 30. Ordinarily speaking, there is nothing left to the cultivator to live upon. Now I ask, with all respect, whether it is not the duty of Government to do something to improve the condition of the ryots? They must devise some means by which the taxes could be reduced and the prices could be improved. The function of Government is to protect the people. They cannot stand folding their arms while people are starving. It is not for me to suggest means by which redress can be given. It is the business of Government to provide for the protection of our persons and the security of our property. They must also see that the people are prosperous. Will they do it? I may however mention some ways by which the ryot can be protected.

- (1) Reduce the land taxes by at least 25 per cent.
- (2) Give railway facilities, concessional rates for the conveyance of paddy or rice.
- (3) Remove the export tax on rice which is at present Rs. 0-2-3 per maund.
- (4) Arrange with the Nizam's Government to remove the import duty of six annas per maund. As part of India Hyderabad must agree not to tax imports from other parts of India. It is said that under the treaty the Nizam's Government is entitled to levy a tax at the rate of 5 per cent. *ad valorem*.

THE HONOURABLE THE PRESIDENT: Order, order. The Honourable Member must not refer to the Indian States in his remarks or his observations.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU: (5) Malaya is imposing a tax on rice imported from India. Now Malaya is British territory. Our Government can easily succeed in getting this tax removed.

(6) Ceylon is also putting an import tax on rice at annas eight per maund of paddy and annas twelve per maund of rice. This is also British territory.

In both these cases at least a preference for Indian rice as allowed by Great Britain under the Ottawa Pact may be obtained.

[Mr. Y. Ranganayakalu Naidu.]

- (7) Stop the import of rice from Burma.
- (8) Devalue the rupee. This is the ratio problem on which the Honourable Members of my party have often said so much.
- (9) Prohibit the importation of rice by Japan and other countries from Siam and Cochin China, etc.

These are only some of the ways which suggest themselves to me. But Government can certainly think of more and better methods.

Next I come to income-tax. I have already said something on this subject on a previous occasion. This tax is eating into our very flesh. I own some sailing ships. But the income of these sailing ships is barely sufficient for covering expenses in these days of depression and nothing is left for the depreciation fund and as for profits they are nil. If I am not mistaken persons who pay super-taxes also will have to pay nearly 30 per cent. of their incomes as income-tax. Do not Government consider that this is heavy? Then as regards deductions from income some facilities must be granted to the taxpayer. At present very few deductions are made.

Next I should like to say a few words about industries. The Government policy of safeguarding industries is good. But Government are not using that Act fully. The excise duty on Indian-made sugar is unjust and full of hardship. It does not encourage the industry. So is the duty on matches and cigarettes. Further, no attempt is made by the Government to develop new industries. With the present prices of the produce of the land the agriculturists find it difficult to give any work to other people. Some work must be found for such people. Take the field labourer for instance. They are employed only at particular seasons, such as transplanting and harvest seasons. There is a long interval between these two. Before the depression these labourers used to get work such as building houses, putting up *pandals* and the like. But today they have no such work in the off-season. In times of prosperity the ryots used to employ them in such works on daily wages. Today the ryot has no money to build a house or to undertake other works and therefore cannot employ the coolies. The result is that these coolies are left without any work for six months in the year. They do not earn anything during that period. What are they to do? How are they to keep body and soul together? They are becoming weak and inefficient for want of proper nourishment. They are useless for the next season. Will not the Government do something to improve their condition? The establishment of new industries might find some work for them. On these lines I would earnestly appeal to the Government to undertake the construction of roads, irrigation works, electric works and public buildings and thereby find work for the unemployed. If no satisfactory reply is forthcoming I shall be unable to support this Bill.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, we are grateful to you for the expressions given to by you this morning regarding the scant courtesy shown to us by Government to discuss an important Bill like this. I hope that next time Government will be able to give us sufficient time to discuss an important Bill like the Finance Bill.

Sir, the abolition of the export duty on hides may result in ruining the Indian tanning industry; especially will my province of Madras be hard hit. With regard to the super-tax and surcharge, I fear that nothing has been done till now though in 1931 the Government of India, when they brought forward

their emergency Bill, indicated that it would last only for 18 months. Eighteen months have come and gone; we are now practically in the third year. I hope that steps will be taken as early as possible to give some relief to the over-taxed merchants and business men. Coming to agricultural products, I come from a province where 50 per cent. of the population are agriculturists. They are suffering on account of the foreign importation of rice in our province. I hope that before this meeting concludes, the Leader of the House will kindly tell us what action Government are taking with reference to the importation of rice in our province. This is agitating the people in our province very much. Next month will be the last month when the *kist* will have to be paid. I fear that unless some protection is given to them, they will not be able to sell their paddy which is stored up now. This is one of the complaints of the agriculturists. I am told that Government are taking some measures in this matter.

With reference to the postal rates, no doubt some reductions have been made by the Assembly regarding book post thanks to Sir Frank Noyce, but still, I hope that next year, when the Bill is presented, some further relief will be accorded in reduction of postal rates in letters and postcards. We started with three pie postcards, then it became six pies and now it is nine pies. The poorer classes are very badly handicapped on account of the increased cost of the postcard. I would not have grudged it if they had raised the price of postage stamps by three pies instead of postcards. No doubt this will affect the business men a little bit, but not the poorer classes. I hope the Government will try their best and see that at least next year the rates for postcards are reduced.

Coming to the expenditure side, I think the Government are doing their little bit to reduce expenditure. I must take this opportunity of thanking His Excellency the Commander-in-Chief for what he has done to curtail military expenditure. But the Government have not done much to retrench expenditure on the civil side.

I shall not take up the other items, e.g., the match tax, etc., because they will come up separately. I hope that at least in the next year's budget some relief will be given in reducing the rate of postcards and also the surcharge. I may be optimistic. I hope that Government will try to reduce the 25 per cent. surcharge which was imposed as an emergency measure in 1931.

I have nothing more to say, Sir.

THE HONOURABLE MAHARAJA JAGDISH NATH RAY of DINAJPUR (Bengal: Nominated Non-Official): Sir, I was not much inclined to participate in today's debate partly owing to the rush and hurry that have practically turned it into a conventional ceremony, and mostly because the proposals and demands involving even the incidence of fresh taxation have already been passed by the other House. Be that as it may; I have one or two points in view, which could not be touched during the budget discussion and I should like to place them before my Honourable friends today in as few words as possible.

Increased taxation can never be palatable; but our thanks are due to the Honourable the Finance Member for the fact that he has along with it stressed the necessity of a constructive economic policy to improve conditions in India. He is also not oblivious of the main problems that stare us in the face, I mean the indebtedness of the agriculturists and the means to increase the demand for their produce. But the two things that struck me most in the budget were (1) the smaller provision made under the "Debt Reduction" head, and (2) the indulgence shown to the railway authorities in regard to their

[Mr. Mahmood Suhrawady.]

annual contribution to the general finance. I am glad to have had an answer to the former item in the Finance Member's reply to the budget debate in the other House, which has dispelled my fears as to its probable effect on our credit in the foreign market. But the glaring fact that as much as Rs. 24 crores are now due by the railways to the exchequer calls in any case for a more vigilant eye on their finances. It seems the railways have entered into a competitive race for expenditures with the much-maligned Military Department. I am constrained to think that the latter may have some excuse to refuse to cut down expenses but the former ought to have none.

Sir, I must now turn to my principal theme, that is, the economic position of the country and shall confine my attention particularly to the poor province of Bengal. It can never be gainsaid that the thing which people are most concerned about is their economic condition. Economics is three-fourths, if not more of politics also. And I hope I shall be pardoned if I say that the neglect of the economic condition of the country on the part of our Government in the past has hurt the people most.

Our economic life is controlled by various factors and it is also true that world currents influence it to a very great extent nowadays. But a working basis has to be found out, under any circumstances, on which the Government will be in a position to further the cause of economic advancement.

It is a patent fact that the majority of the people, at least in Bengal, depend directly or indirectly on agriculture—the cultivators, the zamindars or landlords, the money-lenders, the share-holders of joint stock banks as well as traders, they are all inter-linked in the economic life of the country. The abnormal fall in the prices of agricultural products has made the agriculturists unable to pay their rents, the landlords to pay their revenues; and thus the debt of all classes of people have gone up mountain high. The Bengal agriculturists' income is derived mainly from rice and jute. They have some other minor crops too. But the prices of all these commodities have fallen. The total value of rice is of course much greater than that of jute and the cropped area under jute is much smaller than the other. But jute is the principal commercial crop—it is indeed the money crop and its price has gone down to less than one-fourth of its normal price. The value of rice also has become about one-half of its previous value. The total rural indebtedness is about Rs. 200 crores now in Bengal alone and the interest itself amounts to about Rs. 50 or Rs. 60 crores per annum. And what may be the estimated rental of the occupancy ryot—it is nothing above Rs. 8 or Rs. 9 crores. Let us all appreciate the colossal burden that the ryot will have to bear in an increasing scale from day to day. People may talk glibly of the permanent settlement and such other things. But, no, Sir, salvation does not lie that way. The interests of the nation can only be advanced by lifting this huge load from off its shoulders. As a landholder I fully realize that the zamindars or landlords too will have to exert themselves to the utmost and to offer unstinted co-operation in the work of economic rehabilitation that may be initiated by Government. But for the immediate present, steps must be taken to raise the prices of agricultural produce, and in this respect also, the price of Bengal jute will prove an easier ground. Even if it be difficult to raise the price, it may be fixed more easily by breaking the "combined ring" that has grown about the trade. I know that America has in the meanwhile imposed a countervailing duty on jute products. Nevertheless, some bold action must be taken at once and now. But what I am afraid of is that it is not within the power of the Provincial Government to do much to raise the prices of agricultural commodities, and I appeal therefore to the authorities here to do

whatever possible for them without delay and to strengthen further the hands of the Provincial Government towards the same object. I feel grateful that the Imperial Council of Agricultural Research donated Rs. 1½ lakhs to the Bengal Minister for Agriculture to assist him in experimenting to improve the rice crop. There has of late been an increasing competition in the export trade in our rice from the markets of Italy, Egypt and Spain. It may not be known to all of us that about five per cent. of the Bengal rice production is annually exported.

Sir, there is an oft-repeated question nowadays: Has Bengal done anything to put her own house in order? Bengal is not lacking in her sense of self-respect. She feels the sting when even half the export duty on her own jute is grudged. But hers is a special case which can be laid before any impartial tribunal. She has been subjected to increasing financial hardship for over half a century. Malaria and other death-dealing diseases have made her position quite pitiable. She has no indigenous industry except the staple one of agriculture and that too is in an absolutely bad way at present. Still, we must hope for the best. It is somewhat encouraging no doubt that at last a gross wrong has been partially righted, and the Government of Bengal have concentrated their attention on an elaborate plan of economic recovery. But where are the funds to come from? May the Central Government do all in their power to back His Excellency the Governor of Bengal in his ever-glorious "effort to solve the problem of reorganization of the rural economy of the province", and do still more as a supervising authority.

THE HONOURABLE MR. J. S. HENDERSON (Bengal Chamber of Commerce): Sir, in rising to support the Bill I should like to take advantage of this further opportunity of expressing on behalf of the interests I represent our grateful thanks and appreciation of the generous and sorely wanted contribution of at least half of the jute export duty which it is proposed to make to Bengal, tardy though that assistance may be said to be. As has already been made clear to this House by one of my Bengal colleagues we hold very strongly that the whole of the jute export duty was nothing less than the due of our province, but "Half a loaf is better than no bread" and we must just be satisfied with it for the time being and congratulate ourselves accordingly. Our claim to the export duty on jute is not a new one. It was advanced in 1926, and it was strongly pressed by the Local Government in their report to the Statutory Commission. For the following reasons which I shall endeavour to set before Honourable Members as briefly as possible, Bengal has always held—and in my opinion, rightly so—that the export duty on jute should be recognized as a provincial source of revenue and treated accordingly. This House has already heard the reasons on which that claim is based, and which may be briefly restated as follows:

Firstly, that the jute industry—and of course I am using the term here in its widest sense so as to include the jute grower—is the monopoly of Bengal and one on which the prosperity of the province and its finances very largely depends. Secondly, that, being a monopoly of Bengal and of small areas in two neighbouring provinces, the proceeds of the duty on jute are directly attributable to a definite geographical area; and, in the third place, that unless the duty is treated as a provincial source of revenue it will be impossible to secure uniformity of provincial burdens as between the jute-producing provinces and the other provinces as a whole. Then, Sir, there is the further point which has already been put forward by my Honourable friend Mr. Basu in the very able and effective speech he made on this subject at the time of the

[Mr. J. S. Henderson.]

general budget discussion in this House the other day, and which I should now like to stress. That is, the bearing which the permanent settlement may be said to have on the allocation of the revenue from jute. Bengal land is producing, through the jute export duty, what amounts in effect to a very substantial addition to the land revenue. Had there been no permanent settlement and no special taxation on the production of jute, the rent receivable by the zamindars for jute lands would as my Honourable colleague has pointed out, have been greatly enhanced and the Local Government would have reaped a corresponding benefit in the shape of increased land revenue. Other provinces with the advantage over Bengal of temporary settlements have been able to reap the benefit of the development of the crops peculiar to each—wheat, cotton, groundnuts, etc.—and have indeed been materially assisted in some instances by protective measures on the part of the Government of India.

In the unfortunate case of Bengal, however, there has been a different story to tell, for she has been denied the benefit of jute, the peculiar crop of the province, which instead of being utilized as a means of increasing her land revenue as might have been done, has been exploited by the Central Government in the shape of an export duty. Sir, it is not too much to say that if Bengal had had the benefit of her monopoly all those years, not only would there have been no deficit to worry her administrators today, but it would have been possible to spend largely on those activities which have been stifled by lack of funds and the pressing need for which is in all probability responsible for much of the discontent which prevails in the province at present.

Sir, I think enough has been said to demonstrate conclusively that Bengal's case is a just and deserving one, and that no other province is in a comparable position so far as both the need and the right to relief are concerned. Before passing from this subject I should like to pay a well deserved tribute to the sporting way in which the representatives of Burma and other provinces whose own needs are not inconsiderable, have rejoiced with Bengal in her good fortune and have made it abundantly clear that whatever views they have expressed on this subject have been dictated solely by these needs, and not out of any feelings of begrudgement or envy at our more fortunate lot. And in the same spirit we would welcome any relief of a similar nature which it might yet be found possible to afford them.

The proposal to abolish the export duty on raw hides formed the subject of a resolution moved by the Bengal Chamber at the last annual meeting of the Associated Chambers of Commerce of India in the following terms :

“ This Association is strongly of opinion that the export duty on hides and skins which has been in force since 1919 without fulfilling the object for which it was introduced, and which has proved to be harmful to this country as a whole, should be abolished at the very earliest opportunity ”.

It was pointed out in the course of the debate on the resolution—which was subsequently carried by a majority—that the United States have been our best customers in hides and skins, and that whilst the pre-war figures were not available, India's proportion of the total trade had dropped during the last three years from 38 per cent. to 28 per cent. The reason was not far to seek. It was due to intense competition from other countries. During the war, the German tanner was compelled to look elsewhere for his hides and thus developed new markets, whilst after the war other countries eagerly entered the field of competition. Thus India, which had hitherto been the

largest exporting country in the trade, had to face many keen rivals, and to face them under a severe handicap. It was further pointed out that no other country in the world levies an export tax on its hides, and that indeed one country, namely, South Africa, has subsidized this trade with a large bounty. India alone, has, up to the present, been handicapped by its own Government, and under that handicap a most important trade was in danger of total extinction. Sir, the export duty on hides has recently been described in another place as "a monstrous imposition", and I trust that enough has been said to convince this House that the abolition of this duty was a most necessary and desirable measure, and that it has not come a day before its time. I think the Government of India are to be congratulated on the steps they propose to take, but in thanking them on behalf of the interests which I represent, I would ask them to go a step further and take the export duty off skins as well.

The Council then adjourned for Tea till Five of the Clock.

The Council re-assembled after Tea at Five of the Clock, the Honourable the President in the Chair.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, which was passed by the Legislative Assembly at its meeting held on Wednesday, the 28th March, 1934.

THE HONOURABLE THE PRESIDENT: Honourable Members, this is a simple extending Bill and it must be passed before the 31st of March, otherwise no revenue can be collected under the Bill. If we do not pass this Bill before the 31st of March, it becomes extinct and the result would be that the original Bill would have to be introduced *de novo*. It is for this reason I suspend the operation of the Standing Orders and declare that this Bill will be taken up tomorrow after the Finance Bill has been disposed of.

INDIAN FINANCE BILL, 1934—continued.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay: Nominated Non-Official): Sir, I will leave it to His Excellency the Commander-in-Chief to make his defence against the criticisms about the army. I would however remind the House that it was Lord Rawlinson, a former Commander-in-Chief, who said that there was no possibility of reducing the army estimates below Rs. 57 crores. Much water has flowed under the bridge since then. And now the figure has been brought down to Rs. 44.42 crores during 1933-34 and Rs. 44.38 for the next year. This achievement has been due to the large reduction of over Rs. 6 crores made by the Army

[Khan Bahadur Dr. Sir Nasarvanji Choksy.]

Retrenchment Committee and defence authorities. There were some accidental windfalls as well, and further the recent Award of the Tribunal of Rs. 1,82 crores during the current year and Rs. 2 crores in 1934-35 has contributed to the above result. It is however not expected that the present level would continue as circumstances might alter, and certain improvements, works, etc., that have been held up will require to be made up. Against these future developments has to be placed another remarkable achievement, viz., the savings of Rs. 7,68 crores from the stabilized budget of Rs. 55 crores for re-equipment, through the operation of an economic drive, initiated by Field Marshal Sir William Birdwood and carried on by His Excellency the Commander-in-Chief. The estimate for re-equipment was originally Rs. 10 crores but has now been reduced to Rs. 9,74 crores. This leaves a balance of Rs. 2,06 crores that has yet to be found to complete it. Further, Sir, it has been complained that the army expenditure in spite of the Tribunal's Award has not been reduced. Our Honourable friends should not forget that two new arms have been added, namely, the Indian Air Force and the Indian Regiment of Artillery, both of which have been provided in response to the frequent demands made in the other House. His Excellency has gone further and has recently equipped the army with a new gun for the British and Indian cavalry without any extra demand. The main object of the above measures appears to have been to work off the most urgent commitments as far as possible before the new constitution comes, so as to leave the bare charge for maintenance and minor replacements. We cannot but be grateful to His Excellency the Commander-in-Chief for the above results which, under other circumstances, would have entailed a demand for an additional ten crores.

It is also satisfactory to note that Indianization of the army is steadily progressing and that at present there are 174 Indian officers holding the King's Commission. This number would have been larger but for the fact of some 20 resignations as stated last year by His Excellency in the course of a reply to a question in this House. The interest of His Excellency in exploring further avenues of retrenchment is very creditable to him indeed. It has been stated in some quarters that further retrenchment is possible without reducing a single soldier. If that is so, we expect that His Excellency will be able to show some results next year, as the Secretary of State stated the other day in the House of Commons that the forces at present maintained are the minimum required for the safety and internal security of the country.

Sir, the second point I wish to refer to relates to the great fall in the customs revenue. The causes are too well known to require repetition. But I would say that the accusation frequently made against the Government, that its action is generally belated when it should have been prompt, is borne out in this instance. The diversion of trade to Kathiawar and other ports should have been immediately investigated two years ago before it had well established itself and some remedial measures taken—some *modus vivendi* sought out with the States. It is gratifying to note, however, that the Honourable the Finance Member announced yesterday that an inquiry is to be held. The result meanwhile has been disastrous both to the revenues of India as well as of Bombay. I do not desire to reiterate the state of the Government of Bombay, nor that of the Bombay Municipal Corporation, nor that of the Bombay Port Trust. I do not make any *admiserecordiam* appeal because another province has been benefitted. I would, however, place Bombay's case on a broader plane—a higher plane, than that of inter-provincial jealousy. I would put it in this wise. If the Bombay Government has put its house in

order ; if it has succeeded in balancing its budget, though it will now have a deficit of over Rs. 10 lakhs through the loss of the cotton import duty just abolished ; if it has made large retrenchments ; if it has reorganized its services ; if its taxation is the highest in India and about the same level as that of Burma ; if it has to undertake heavy expenditure to fight the civil disobedience movement ; if it has been one of the largest contributors to income and super-tax ; if it has to meet an enormous load of interest and sinking fund charges on account of capital and loans raised for the purpose of the Sukkur Barrage, the Back Bay Reclamation Scheme and the Development Department ; and if it has had to make remissions and suspensions of revenue from agriculture ; if Bombay has done all this, I put it to the Honourable House whether it does not deserve some consideration ? Putting Bombay on the back, complimenting her, and exhibiting her as an object lesson worthy of emulation by other Provincial Governments is but small satisfaction. The municipality has to pay out annually in loan charges about one-third of its total revenue of over Rs. 3 crores. It has lost the cotton import duty of several lakhs and it has a deficit budget ? Its Improvement Trust has on hand undeveloped lands to the extent of Rs. 9 crores, the interest and sinking charges for which amount to about Rs. 95 lakhs per annum. The Port Trust has had to borrow largely for the improvement of trade and provide facilities, the customs revenues from which are derived by the Government of India and is now prepared to sacrifice over Rs. 6 lakhs by reducing its dues. Such, Sir, is the deplorable tale of Bombay's woes !

Sir, I express my sincere gratitude to the Honourable the Finance Member for allowing the Bombay Corporation to postpone its provision for debt redemption amounting to about Rs. 9 lakhs in order to enable it to make up for the loss of the cotton import duty. At the best, it is but a partial and temporary palliative, but nevertheless I feel none the less grateful to him for that. But, Sir, it will surprise the Honourable House to know that the Local Government have subsequently reduced the amount of the moratorium from Rs. 9 lakhs to Rs. 2½ lakhs only !

Now, Sir, I come to a most regrettable omission, *viz.*, the absence of any provision for the improvement of Public Health—a Department that has been considered a sort of foster child. All progress in the industrial and agricultural development of India depends entirely upon the health of its population. Sound bodily health is the only means whereby productivity could be increased. And yet, let me ask the Honourable House where we stand today in this regard ? I am not exaggerating when I say that we stand upon the brink of a precipice overhanging an unfathomable abyss. Our birth rate is about 36 per 1,000 ; our death rate 26-27 ; our infant mortality is about 232 on an average ; our expectation of life, about 25—30 years, is much less than half of what it is in temperate climates ; of our young child-bearing mothers, 24 per 1,000 die during delivery against but four in temperate climates. Does this appear as if India were progressing ? Sir, an exhaustive survey including health and economic conditions was conducted under Sir John Megaw, late Director General of the Indian Medical Service, among 571 villages and comprising nearly three-quarters of a million people, and his conclusions are startling. He says that out of every 100 individuals, 39 are well nourished ; 41 poorly and 20 badly nourished. In Bengal only 22 are well and 31 badly nourished. What effect this state of affairs has upon health has provided a startling disclosure. There exist today in this country 23 million sufferers from ten preventable diseases ; 100 millions suffer from malaria according to the Health Organization Committee of the League of Nations, and one death in 3.5 is due to fevers. Add to this the deaths from small-pox, cholera, plague, etc.

[Khan Bahadur Dr. Sir Nasarvanji Coksy.]

It is indeed a heavy holocaust, a heavy toll India has to pay. The suffering and misery entailed by these ailments can scarcely be imagined. Have we, I ask, touched even the bare fringe to counteract these ravages ?

Sir, these debilitated and weakly masses produce a progeny of weaklings, who, if they happen to survive the early vicissitudes of life, propagate others of the same kind and thus the vicious struggle continues from generation to generation. And we try to prop up those weaklings by our various schemes to enable them to tide over the first year of life. We congratulate ourselves upon reducing the infant mortality rate. But let me ask, how many of those yearlings survive over two, five, ten or fifteen years ? We know not ; nor the number that eventually become economic factors. We cannot apply Nature's law of the survival of the fittest to human beings and we have therefore to pay a heavy penalty in suffering and early death. Sir John Megaw in a recent lecture in London said that people in India should be instructed that hard facts have to be faced as the increase of population will outstrip production of food. Education alone and some system of restriction of families is imperative, though he did not advocate any particular form of birth control. Dr. Hutton, the Census Commissioner, realizes the difficulties of introducing such methods, but he suggests that

“ If the luxury of baby weeks be permitted, they should be accompanied by instruction in birth control.”

Sir, my experience of 34 years in the Bombay hospitals where I did my level best to snatch these human derelicts from the jaws of death when afflicted with various infectious diseases has left upon me the bitter memory of our helplessness in the face of their inherent poor stamina, and feeble powers of resistance with an extremely heavy mortality. And if the population of India should reach 400 millions at the next census, one cannot envisage the state of public health, if the existing conditions are allowed to continue.

May I, Sir, be permitted to ask this House what is India's position today in regard to the Public Health Department of the Central Government. Is it not a skeleton, a mere shadow of what it should be ? Even small civilized countries look down upon it. They consider India as a nidus for the dissemination of small-pox, cholera, plague, etc., on the outbreak of any of these diseases, the news is flashed to the Bureau of the Health Organization of the League of Nations at Singapore and from there broadcast over the world. Major-General Graham, Public Health Commissioner, who retired recently states that in 1931 the spirit of retrenchment and economy had run wild—I should have said mad—as some of the proposals submitted were calculated to destroy the organization, though it was said to be a “ skeleton ” one !

I would ask why Government have not yet ratified the International Sanitary Convention of 1926 ? Are we not still backward in our international obligations in regard to quarantine rules and the administration of our large ports ? Does there exist adequate, or I should say, any co-ordination, any co-relation at all, between the transferred provincial subject of Public Health and the Central Department ? Have any standards been laid down to prevent adulteration of food-stuffs ? What measures have been adopted to implement the recommendations of the report of the Drugs Enquiry Committee ? What has been done for the sanitary and medical requirements of rural areas and rural uplift ? Why has a commission of enquiry not been appointed to report upon the vital subject of the health and well-being of the people ?

Sir, I cannot understand the eternal and chronic defence of the lack of funds. Where there is a will, there is a way. Why not reimpose the stamp

duty on cheques? That would bring in Rs. 10 to Rs. 12 lakhs a year, ear-mark it for this purpose in the first instance and thereafter for the organization of the Ministry of Health and a Public Health Board ?

What then is the remedy ? It is not constitutional reform ; it is not more power or preferment for politicians, it is not federation. What is required is an exhaustive enquiry embracing health and economic conditions by experts of world-wide reputation, men like Sir George Newman of the Ministry of Health, Sir Aldo Castellani of the London School of Tropical Medicine, in association with Sir John Megaw and a senior officer of the Public Health Service of the United States with experience of the tropics and two or three Indians of note. It will be their duty to collect and sort out all the data available in a comprehensive report. While that is being done, a Ministry of Health should be created and the Board of Public Health resuscitated to collate the available information and to be ready to devise measures upon the report of the commission of experts. A system of public health work can then be worked out and a programme settled, that should be carried out by Provincial Governments. The question of cost will no doubt arise, but looking to the great and immense benefits that will be derived, it should not be counted. It will save millions. It will be an insurance against preventible suffering and misery, greatly lowered mortality and the existence of a healthy virile stock, that would enhance the prosperity of the country.

Sir, is it not high time that the Legislature should devote its energy to such a noble cause in the interests of India, in order to enable it to take its proper place in the Commonwealth of the British Empire and not be looked down upon as an inferior country with an inferiority complex ?

Sir, I support the Motion for consideration of the Finance Bill.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, at the outset, I join other Honourable Members in giving expression to our sense of great appreciation and satisfaction at your upholding the cause of the non-official Members of the House this morning, by giving a warning to the Government about the way in which important pieces of legislation like the one now before the House are rushed through in this House. I am one of those who had intended to lodge an emphatic protest against the action of Government so far as this important matter was concerned ; but your valuable observations this morning leave no necessity for anybody in the House to dilate on the matter. You, Sir, deserve the congratulations of the non-official Members of the House for your action this morning in championing our rights.

Sir, the Finance Bill has unfortunately become a yearly feature of the central budget for the last several years and every year fresh taxation is imposed in some form or other at a time when the general taxpayer, being affected by the heavy slump in prices and the unprecedented economic depression, has for some years been feeling more than ever the acute need of relief in the burden of taxation. It was high time that the top-heaviness of the administration should have been reduced and the drain from the country checked rather than that the Finance Member should go on exploring fresh avenues of taxation year after year and adding to the burden of taxation in the country which has already reached the limit of the paying capacity of the people.

Now, coming to the actual proposals of taxation, I must express satisfaction at the Government agreeing to the non-official view in the Legislative

[Rai Bahadur Lala Jagdish Prasad.]

Assembly with regard to the proposed duty on cigarettes and unmanufactured tobacco. By the duty now proposed in the Bill under this head it is hoped that on the one hand the nascent Indian cigarette industry will be saved from ruination and on the other hand the proposal would go to protect Indian tobacco and thereby help agricultural interests in India.

As regards postal rates, Sir, I am sorry that the Government have not seen their way to accede to the non-official viewpoint, namely, that the initial weight of the proposed inland one anna letters should be one tola and not half a tola as proposed in the Bill. It is the general belief that the public will not be benefitted to an appreciable extent by the reduction in the charge for such letters from one and a quarter annas to one anna, as very thin paper and envelopes will have to be used to keep down the weight to half a tola, which will by no means be easy for the general public to adopt. And we fear that the result will be that most of the letters might be understamped and people might have to pay a double fee in the shape of penalty, because everybody is not so careful as to weigh his letters before posting them. Then, as regards income-tax and super-tax, the enhanced rates continue and no relief is proposed to be given under these taxes. Even the minimum taxable income for the purposes of assessment of income-tax is being retained at Rs. 1,000 in spite of public protest, and the surcharge also continues in operation, which were emergency measures. This is not a state of affairs on which the Government can be congratulated. However, there seems to be no way out of the difficult position in which the country is placed on account of the existing taxation policy of the Government, and the representatives of the public in the Legislature have only to draw the attention of the Government to what the public in general think of their proposals. Ultimately it rests with the Government themselves how far in moulding their policy they allow themselves to be influenced by public opinion, since, situated as we are, the Legislatures have no effective voice in shaping the policy of Government. I hope, Sir, that these brief observations of mine will receive proper consideration at the hands of Government.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, the Finance Bill is usually utilized to criticize the policy underlying the administration of the Government as well as for scrutinizing the taxation proposals. There are some people who think that constitutionally this House is in the same position as the House of Lords. Some people might think it complimentary and others otherwise. But I wish to say there is all the world of difference between the powers of the House of Lords and the powers of this House. We, Sir, have not been decapitated as that House was by the 1911 Act, and because we have concurrent power with the Assembly to open up the purse strings we demand it as a matter of right that we should have a chance to scrutinize and criticize the Government's policy. As some people have remarked, this is the last budget of Sir George Schuster. Even his worst enemy cannot deny the fact that he has made superhuman efforts to balance the budget. With a singleness of purpose which is really surprising he has carried on the task for five years, during the major part of which he had to pass through times of great difficulty, and we must give him every praise for having steered the ship of state with so much care. Although we have differed from him and we still differ from him as to what should be the best policy, we must allow that he has done everything in his power and done it in spite of all kinds of opposition which he has had to surmount.

The first item on which I wish to say a few words is the external loan operations of the Government. I have been protesting against the increase of

* Speech not corrected by the Honourable Member.

our external burden ever since I entered this House, and probably Members will remember that during the very first session in 1931, I brought forward a Resolution asking that a committee be formed to advise Government on loan operations. This year, Sir, the necessity for that committee has been emphasized. It will be remembered that at the end of April, 1933 the Finance Department floated a loan at $3\frac{1}{4}$ per cent. and issued it at the price of 96. It was a marvellous success. More than Rs. 15 crores were applied for in cash and an equal amount of money was forthcoming in the shape of conversion. It came not only as a surprise to us, Sir, but it is said that it came as a surprise even to the Finance Department. But what was the result? Within 15 days the Secretary of State floated a loan in England at four per cent. issued at 97. At that moment the exchange was not sagging and it had not reached a point at which Government would have had to sell reverse councils. There was no necessity for it, but simply because the Secretary of State felt a desire to find some useful method of investment for his constituents he superimposed it upon us. The result was simply disastrous. The loan which had started so well, which was being quoted at a premium, went down at once, and it did not recover its position until very recently. Then—I do not know how far there is truth in this—there was a rumour in the market that the Finance Department was overruled by the demi-god of Whitehall. We should like to know exactly who are the people who are responsible for this state of affairs? I draw particular attention to this because of the fact that on the 16th March last year I moved a Resolution asking that our sterling commitments should be reduced. The Honourable Mr. Taylor accepted that Resolution, and he said on that occasion that it had been the policy of the Government, and it would remain the policy of the Government, and we asked then what was the reason for changing it all of a sudden? But the cup of iniquity is not yet filled. While we were in Simla I asked a question as to what the Government intended to do about the loan which was going to mature at the end of last year. I refer to the sterling loan of 1933-34 issue. In reply to my question, the Honourable Mr. Taylor said that he hoped he will be able to pay it from the balance with the Secretary of State, but that hope was doomed to failure. The Secretary of State floated a loan while we were considering the Reserve Bank Bill in the Joint Select Committee. It was a surprise to us. During the current year instead of reducing our commitments we have actually increased them. We find at the present moment that the Indian money market is able to absorb any amount of loans which the Government care to float. The remittance market is extraordinarily strong. I remember that one or two weeks ago there was actual application of £59 million and the Government allotted only £1 million. That shows that money can be transmitted from India to England easily, that money is available in India at rates not dearer, if not cheaper, than in England; and still the Government is compelled to float loans in England. It was for this reason that during the course of the Resolution to which I have referred—my Resolution of 1931—I asked Government to let us know what was the exact procedure, when it was to be decided whether we will have a rupee loan or a sterling loan? The reason for asking that was that we were informed that for the flotation of sterling loans the fiat goes out from the Secretary of State and the Government of India do not come in for their due share. They have not that sort of convention in the matter of finance whereby where the Government and the people are of one opinion we can flout the Secretary of State. I wish there were a convention like that, that where the Government of India and the Legislature are in agreement about loan operations their opinion should prevail and the Secretary of State should be made powerless to interfere to our loss. The Secretary of State is responsible for these loans

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because they are floated under the East India Loans Act. And here I should like to draw the attention of the House to a peculiar fact which shows our inability to do anything. While the quarterly statement of the indebtedness of the Government of India in rupee loans is published in the Gazette of India, as far as I have been able to find no publication in India is made of our sterling loans. When I wanted to see them I had to hunt up the English budget estimates and there in some papers I came to know the exact figures of the loans. I have already drawn attention to the fact that our management expenses in England are very expensive. As a matter of fact they are 25 per cent. higher than in India, because we have to rely on the Bank of England which, under the law as it now stands, is the authority to disburse the interest. Sir, the reason why I have always taken very strong objection to sterling loans is two-fold. Firstly, sterling loans mean that we have to find money for the payment of interest in coins of other countries. Those who have had to deal with the difficulties of getting exchange can realize the enormous amount of strain which the Government has to bear on that account. The whole policy of the Government is subservient to the premier need of financing our Home commitments. An interesting fact in this connection which has been brought out in the Joint Memorandum of the Indian delegation was that the total expenditure incurred by India on the Great War was Rs. 311 crores at the rate of exchange prevailing at that time. If this total expenditure of ours had been utilized to fund up our sterling commitments, it would have made our position so secure that we would not have been troubled by the nightmare of finding sterling to pay for interest on our debt. It would have more than covered our debts on that day and the amount of money which we have paid in interest since then would have sufficed to finance all our capital expenditure since that time up till now from revenue. The strength which would have been added to our position would have been enormous. I do not say that the position should be reversed now after the lapse of such a long time, but can I not say a word to the Government that after making such a magnificent present to Great Britain we are being held up to pay the paltry sum of £16 million which stands still unpaid, and we are promised that the treatment that will be meted out to us will be the same as to other parts of the British Empire and the world. . . But people forget the fact that the position of India and that of other debtor countries of Great Britain is like the poles asunder. While Great Britain lent money to other belligerents in the Great War, Great Britain did not lend us a single penny. It was all the other way round. We made a present to the British Government. When, in our prosperity we were generous enough to promise all the support that we could give, is it not lack of statesmanship on the part of Great Britain that they should stick to it and ask for their pound of flesh in the shape of £16 million which is standing unpaid? Not only is it going to be taken, but if we are to believe the statement contained in the Finance Secretary's review, we are called upon to pay the interest for the back period of amortization with compound interest for the period for which it was not paid. It is in the nature of a transaction which would put to shame even the worst money-lenders of India; but Britain can stand unashamed. The consolation is that we shall get the same treatment as the others. Can our Finance Secretary or Member point out a single country in the whole world of those who are debtor nations of Great Britain who have made any provision for the payment of interest during the present year? Even England herself is not making any provision for the payment to America of the entire sum due in interest. We are singled out to make full provision for both the items. As I said in the budget discussion Rs. 1,44 lakhs is the provision made for the payment of our debts. No country in the world is making this kind of provision.

THE HONOURABLE THE PRESIDENT: Has not that improved India's credit ?

THE HONOURABLE MR. HOSSAIN IMAM: Sir, the improvement in India's credit is a subject dear to us as it is to the Government benches ; but there is this difference, that while they wish to increase the credit at the cost of the life-blood of India, we wish to save ourselves first and then look to our credit. The item of extra-territorial expenditure has been a constant drain and the cause of ruin for India. Among the first class countries of the world there is scarcely any country which is to make such a high proportion of payment out of revenues for meeting day-to-day charges in foreign currency as India. And why is this so ? Because of the fact that India in the beginning was regarded as something on the lines of a dependency and was administered with that view. Gradually, with the development of a national consciousness we forced the hands of the Government and the Government unwillingly is giving way. The result is that we have a sort of hybrid constitution which is neither that of a fully self-governing colony nor that of a dependency. The people who came out to India, the East India Company, regarded it as fair game, which was to be exploited to its utmost limit. At the present moment the thing which is very humiliating to us is that every day we are feeling that the bonds which are keeping India enslaved are being made stronger and stronger. But the advent of the Conservative Government in England is driving the Liberals to despair and I am very sorry to say, Sir, that our youth find that there is no possibility of amending this constitution, of making this country a place fit for men to live in. The result is that they become desperate, they have recourse to measures which are not sane, which are not constitutional. We deplore that, Sir. We condemn that. But can we shut our eyes to the fact that the Government is showing a complete disregard for the feelings of the Indians, that the Government is becoming impervious to any influence for good, with the result that we find it every day more and more difficult to bring round people to take a sane view of the Government of India.

Sir, the next item which I wish to take up is that relating to the operations of our sinking fund provision. Some Honourable colleagues of mine have condemned the Government for reducing the sinking fund provision and, Sir, I feel very glad for the unexpected pleasure that we have from the presence of Mr. Taylor here today in place of Sir Alan Parsons. I would remind him that last year when I made this suggestion of reducing the sinking charges, he said that the Government was not bankrupt and it was only a bankrupt Government which had recourse to this. I, Sir, wish to draw your attention to the fact that during the last five years we have made provision for redemption and avoidance of debt to the tune of Rs. 28·61 crores. During the same period, Sir, the deficit of the Government of India has been Rs. 21·51 crores. This ought to have resulted, Sir, in a reduction of our debts—I mean our uncovered debts—by Rs. 7·10 crores, but the actual figure which I got is that there is an excess of debts amounting to Rs. 37 crores. This means that there is an unaccounted sum of Rs. 44 crores. Last year, I drew attention to the subject. Then, our Honourable colleague, Mr. Taylor, pointed out that I must ask questions on the subject and he would reply in due course. Sir, I do not mean to say or insinuate that this money has been in any way hidden away or misappropriated or anything of the sort. We know the purposes for which it has been utilized but we wish the Government to admit it in so many words. They should not hide behind and camouflage the thing in different ways. The whole of these Rs. 44 crores has gone during the five years to keep up the exchange, and it is to me a source of great sorrow, Sir, that this sort of thing is allowed

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to the Government by the latitude of the Government of India Act. We, in this House, are not regarded as competent to vote demands and therefore we can only criticize and give our advice to Government. It is the duty of those who have the power under the constitution of voting demands that they should scrutinize each and every item of expenditure and give due prominence and due weight to the things that matter. Sir, not only is Rs. 44 crores unaccounted for but the fact that during the said five years, Rs. 40 crores have been added to our external debt is also the direct effect of our efforts to maintain a falling exchange. During the budget discussion, Sir, I referred to the increase of our total external expenditure in the ten years between 1922-23 and 1932-33. The Honourable Sir George Schuster in his reply said he was not convinced and questioned my authority. I should therefore like to present Mr. Taylor with the authority from which I quoted. My authority was the budget for 1924-25, Statement B. At the end we find that the actual expenditure in England in the year 1922-23 was Rs. 30 crores and the expenditure in India was Rs. 106 crores. The corresponding figure for the last year for which accounts have been prepared was expenditure in England Rs. 36·39 crores and expenditure in India Rs. 88·46 crores. This I find from the budget which has just been presented to us. It will be seen that the reduction in Indian expenditure is 14·15 per cent. and a *pro rata* reduction in the English expenditure would have reduced it to Rs. 25·75 crores, but it is at the present moment Rs. 36 crores, which means it is 42 per cent. higher than it would have been if there had been a *pro rata* economy of reduction in external expenditure.

Sir, the fact that we have put in our Gold Standard Reserve and the Paper Currency Reserve sufficient amount of sterling securities has tempted me to make a suggestion which I make with the full knowledge that I will be stigmatized as bringing forward revolutionary measures. Some of this money which we have got in our till—in these two Reserves—is borrowed money at rates of interest which are nowhere less than three and a half per cent. and which are as high as five and a half per cent. Between these two extremes we took all this money. This enormous money of ours, which amounts to something like Rs. 75 crores at the present moment, represents a yearly interest payment of Rs. 3 crores. From this loan money we derive an income of less than one per cent. Sometimes it is 16s. to £100 and sometimes 18s. to £100. This has been done because the financial pandits have given the dictum that the Reserve Bank should not hold Government of India's sterling securities. I agree. But there is something to be said in favour of the point that we should not put all our eggs in one basket. There is no harm if we seek to put our things in different countries. For instance, we have at the present moment British Treasury Bills as well as some loan scrips. I have been urging many times, and I wish to urge it again, that it will pay India if a substantial portion of our sterling holdings were invested in the Government of India sterling bonds. I urge it, Sir, for three reasons, firstly, it has the effect of strengthening our securities; secondly, it will at once reduce the rate of accommodation in England; and thirdly, it will put in some good money in our pocket in the way of the interest which we are now paying to somebody else coming back to us. The suspicion which India has that England is exploiting us is further strengthened by the fact that our money taken on high terms on loan is kept in England and gets low rates of interest. Sir, if the Government had followed this advice of making a substantial investment in the Government of India sterling securities, we would be benefitted very largely and the finances of the Government of India would be placed on a very satisfactory footing. May I point out, Sir, a press report which has just appeared today? Sir Arthur

McWatters, who was our former Finance Secretary, has made a statement in England. He has stated that the prospect of the introduction of reforms in India either in the centre or in the provinces is very far off because of the fact that we have not got the finances necessary to establish the reforms. When I pointed out the same facts on a non-official day, the Honourable the Leader of the House took me to task for saying that I did not expect the reforms till 1940. Then I said that it was not my personal opinion but that I simply got this impression from the statement of the Secretary of State. I draw attention to it now in order to say that if there is no chance of the reforms coming in and if they are to be retarded, then it is no good starting a Reserve Bank now and allowing all that money which we have got in England to be let out at such a cheap rate of interest. If no reforms are coming, if we are not going to get responsibility in the centre, it is no good starting the Reserve Bank now. We can utilize that money just to cancel our sterling debts and amass sterling afresh.

May I say, Sir, that India expects that the Government should make a definite rule that all the maturing sterling securities must be paid either from cash balances or from borrowings in India? We wish to introduce a definite rule that there should be no more sterling borrowings. I should also like to make a suggestion that pensions of future entrants should be on the rupee basis. That is the only reply which any self-respecting country can give to the action which the Secretary of State has taken in the White Paper in refusing the right of India to tax the pensions of its own employees when they go back to England. We have been told that the territorial limitation of the Indian Legislature debars it from imposing this taxation. But does the Honourable Member realize the fact that under the Indian Penal Code, sections 2 and 3, they have provided for extra territorial jurisdiction of the Indian Legislatures? If any Indian subject or subject of His Majesty's Government resident in India commits a crime outside India, he is liable under the Indian Penal Code to be hauled up in the courts of law in India.

THE HONOURABLE SAIYID RAZA ALI: But pensions will not come under the provisions of the Indian Penal Code, will they?

THE HONOURABLE MR. HOSSAIN IMAM: No, Sir. But if one thing can be done, there is no bar to the Legislature passing an Act of that nature. That is what I am urging. If the Indian Legislature can pass the Indian Penal Code, it can also pass an Act that any money drawn from the income of India, wherever it is drawn, shall be liable to Indian income-tax. If that were to be the order of the day, the Treasury benches would be in a position to remove the 25 per cent. surcharge which is crushing all the industries of India.

Sir, the contraction of currency has gone too far. Government started inflating, or rather I should say, controlling expansion of currency, and we welcomed it as a move in the right direction. But we find that the high mark which was reached about the third quarter of last year is slowly going back and Government are again trying to contract currency. This has a very bad effect on the market. No doubt there is abundance of money at the centre; no one can deny that. But in the outlying districts, money is not to be seen. It is scarce and if any illustration is required it is furnished by the fact that since we went off the Gold Standard, we have exported gold to the total value of Rs. 180 crores without even a quarter expansion in the currency. That means that the Government is trying to curb the outflow of the medium of exchange and thereby materially reducing the purchasing power as well as

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internal prices. In India the internal price is also a matter of great importance; as a matter of fact, three-quarters of our produce is consumed in the country and only a quarter finds its way outside, and it will be realized that any dearth of means of exchange of the rupee available in India causes a fall in prices and keeps them down at the level at which they are at the present moment. I would have liked to reduce the sinking fund further than what the Honourable Finance Member has done, and when I make the suggestion I wish to state plainly that the reason for it is that the Government has never utilized this either to reduce duties or to make provision of the orthodox sinking fund type. It is no use giving them money to be squandered in other ways. I think if we reduce it to contractual obligations we will take away by that much of their power to waste.

I now come, Sir, to the subject of the capitation charges. The Government no doubt deserves to be congratulated on whatever little they have got. But we cannot forget the fact that the handling of this affair was anything but above-board. His Excellency the Commander-in-Chief in his speech the other day accused us of economizing the truth—

THE HONOURABLE THE PRESIDENT: I do not think he accused any Member of economizing truth. He only said if such and such a thing happened he would say it is only economizing truth. I do not think you are correctly interpreting His Excellency.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, be that as it may, we can say that we find a great deal of strength and consolation from that speech of his. We find that he has himself admitted that full justice to India has not been done. He says that India has not received more than what she deserved, that she did not receive even what she ought to have secured. Sir, the fundamental reason for our objection was that in this case the non-officials were excluded, and because of that I made specific charges that certain things were not brought before the Tribunal. One was that the fact that no part of the British Empire pays capitation charges is nowhere discussed in the Capitation Tribunal's Report; the fact that Britain maintains an army in Egypt without the War Office recouping itself for it has not been placed before the Tribunal; the fact that there is no receipt under the heads of health insurance, unemployment insurance, contributory pensions from any other colony or any dependency by the War Office was not brought before the Tribunal; and still we are accused of having built up our case on a cloud of suspicion. It is said that we, the Members on this side of the House, are having recourse to *ex parte* pleadings. We are accused of having won the game and still wanting to file an appeal. The fact is that the basis on which this matter has been fought out was wrong. We do not want to ask for any benevolences from the Government of Great Britain and beg for this or that payment; we refuse to accept any *largesse*. We want our rights and nothing but our rights. If we are a member of this Commonwealth I claim it as our right that we should only pay the amount which is being charged to other members of the Empire, and if that had been the basis, instead of getting a grant of £1½ millions we should have been excused from making payments aggregating Rs. 3½ crores. In this connection I should say I gave undue credit to the British Government for having reduced our expenditure on capitation charges by 71,000 or 75,000—I forget the figure. When I looked into the demands for grants I found that the Military Financial Adviser says that during the year 1934-35 on account of

payment from Britain we will be able to reduce our expenditure on capitation charges by Rs. 182 lakhs. Knowing that the British Government has given Rs. 2 crores as a subvention to India we are driven to the conclusion that Rs. 18 lakhs additional expenditure has been incurred on capitation charges.

THE HONOURABLE THE PRESIDENT: May I remind the Honourable Member that we have only very recently threshed out this matter by way of a special Resolution and I do not think the Honourable Member need elaborate that matter further ?

THE HONOURABLE MR. HOSSAIN IMAM: May I say a few words about the provincial jealousies which I very much regret to find in this House ? It is necessary, Sir, that Indian representatives in this House should realize two things. They should never forget that they come from the provinces and they should never forget that they are Indians. As long as we have a partiality for and we each concentrate on our provincial concerns, so long will the Government always succeed in dividing and ruling us. It is only by presenting a united front that there is any salvation to be found for India. In this connection I should like to remind the House that the case of Bengal was of a special nature. The troubles of Bengal are not of its own making. The permanent settlement is not the work of the Bengal Council or of any responsible Bengali. It was an all-India affair, and the Government is responsible for having so circumscribed the resources of Bengal and Bihar that they cannot find more money. Since the trouble was created by the Government of India, it is only natural that the Government of India should now come forward and help Bengal to find it. Honourable Members must realize that for the last two years that province has been running at an enormous loss. The Honourable Member from the Central Provinces made some remarks about the generosity of the Government to Bengal and about partiality. I wish he had realized the fact that his own province is living on others. It is only the income of Bihar which enables the Central Provinces to find a way to meet its expenditure. The Honourable European Member from Bombay also drew a pathetic picture of the worries of Bombay and wanted our sympathy and our help. (*An Honourable Member:* "He is not in his seat.") But there are other Bombay representatives in this House. Sir, Bombay has shown a very petty-minded spirit in this matter. The resources of the Government of India were good enough to fill in the pockets of Bengal as well as Bombay. If they wish to have anything they ought to have claimed something on the merits of their own case rather than go and attack other provinces for having got this good fortune. I was rather surprised that the representative of Bombay drew our attention to the Lloyd Barrage and the Back Bay Reclamation scheme. I thought they were the black spots in the administration of Bombay which thoughtlessly embarked on experiments without weighing the *pros* and *cons* of the affairs. It was really copying the methods of the Government of India which always embarks with impunity on items of expenditure without caring for the losses, but they have ample resources and Bombay has not and they ought to have no grievance for something being granted to others.

Sir, the question of Kathiawar is one which deserves every support from all interests of the House. I would like to remind the House as well as the Finance Secretary that I tried to do my bit in this connection and as far back as 1932 I gave notice of a Resolution on this subject that this was a menace which might very well kill not only Bombay but also affect Karachi, but for some technical reason it was disallowed ; then, Sir, during the discussion on the

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second Round Table Conference I drew pointed attention to the fact that it was a wrong policy to leave that loophole for goods to come into India duty-free. It is not a question of Bombay alone, but it is an all-India question. The fact that we have allowed the privilege to a country to export goods not of its own manufacture, not of its own produce, but coming from other parts of the world duty-free is something which, if it has been increasing during the last three years, will become a menace to the whole of India. Sir, we could without any difficulty discuss and denounce the trade treaty with Japan. Can we not do something in connection with this treaty under which we are bound to admit goods free of duty in India ?

Sir, I am about to conclude, and in this connection I simply wish to make an appeal again to the Finance Secretary and the Honourable the Leader of the House to show some magnanimity towards the Universities of India. Last year I drew the attention of this House to the fact that while the ten per cent. cut was removed throughout India, two Universities, the Benares and Aligarh Universities, were the only unfortunate bodies that were still subjected to the ten per cent. cut. The amount of money involved in it is so small that it looks ludicrous for the Government to insist on stopping that small amount. Rs. 30,000 is the amount which has been deducted from the grant of the Benares University and Rs. 30,000 from the Aligarh University, though I am very glad that late in the year as a special reward for the retrenchment measures carried out in one university the Leader of the House did allow a contribution of Rs. 15,000 out of that. But we expect that this exceptional measure that was taken last year will not become the ordinary measure and that these two Universities will not be subjected to a cut of more than five per cent. Even that is too much.

In the end I should like to ask Government to do something for the rice export business. I am in entire agreement with what fell from the Honourable Member from Burma. The eastern provinces are suffering greatly on account of the Government's action and it is only fit that we should get a part of the export duty or that it should be abolished. And I should like to stress this that as we have a heavy import duty on wheat, there ought to be a heavy import duty on rice as well. All the eastern provinces including Madras are interested in this. It will come as a general help to all the agriculturists.

With these words, Sir, I conclude my remarks.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, before the Bill is passed increasing the burden of taxation I would like to speak out my mind, as otherwise being an elected representative of the people of this country in this House I will be failing in my duty. Sir, I reiterate the sentiment expressed by my friend Mr. Ranga Iyer last night in the other House saying that " Sir George Schuster may come and Sir George Schuster may go, but taxation will go on for ever ". With every Finance Member who comes and goes the condition of Indian finances becomes worse because only such men are selected from England to be Finance Members of India, who would be able to manipulate the Indian tariff and exchange in such a way as to confer benefits on England, no matter whether Indians live or die. India is a conquered country and her people must live to be hewers of wood and drawers of water for the conquerors. Sir, I do not mind about this position but my only objection is that the taxes are increased year after year, poor people are being crushed to death with heavy taxation, but we are told by our white masters that increased taxation

is required for the good of India, as otherwise India's credit will be lowered. Emergencies come and go in other countries but if an emergency once makes its appearance in India, it gets a permanent foothold here. Emergent taxation was proposed in the Finance Bill of 1931 to stabilize India's credit in the world and in the name of that emergency we were asked to agree to a surcharge of 25 per cent. on all taxes. Synchronizing with this taxation we were told that Government is trying their level best to reduce their expenditure as well. Emergency of surcharge remained but emergency of reduction of expenditure probably has vanished, because we find nothing as yet has been done to reduce the pay of the heaven-born imperial services for lowering the cost of top-heavy administration. The concessions known as the notorious Lee concessions sanctioned for implementing the income of the already pampered imperial services, have not yet been withdrawn, though the price level of all commodities have come down more or less to pre-war levels. The emergency of sanctioning the concession at a time when the prices were abnormally high has passed ; but in the usual ways of the bureaucracy, measures adopted for meeting emergencies are always made a permanent feature of the Indian administration. People are already groaning under the heavy burdens of taxation imposed in 1931 and we were told then that those measures of taxation were merely temporary measures during emergencies. Sir, the emergency for which those measures were adopted were not a sole feature of the Indian finances but it was prevalent in all other countries of the world. All other Governments of the world took emergent measures for meeting the world-wide depression, but the only difference between India and other countries is that the emergent measures adopted by them have by now been withdrawn, whereas taxation once increased in India is maintained as a permanent increase. The present Finance Bill and other Bills are proposing a further taxation on the people of India who are the milch cows of our tin gods. India must sacrifice all for increasing the comforts and conveniences of her so-called imperial services. Since the political awakening of India, she began by demanding the reduction in the cost of her top-heavy administration and failing to get any remedy in that direction she agitated for constitutional advance with the idea of getting some control over her administration by which she could reduce her cost of administration and thereby relieve the people of their taxation. The reforms came from time to time and they all proved to be Dead Sea apples to India. The cost of administration has been raised with each reform and the cost of her services has been increased by bribing them in the form of the Lee loot and reserving their control in the hands of the Whitehall mogul. I will not be surprised if, on the eve of the coming reforms, the services are again bribed by way of further increase in pay and other concessions. Then, Sir, in coming to the army of occupation in India, nothing substantial has been done to reduce army expenditure. The reductions which have taken place are not due to any reduction in the strength of the army in India, but are due to windfalls, like the reduced rate of interest prevailing at present, the reduction in the price level of articles and the contribution of a few crores by the Home Government, for sharing a portion of the cost of the Indian Army, which is really needed to be kept at its present level for imperial purposes. Indianization as commenced only serves as an eye-opener to us, that we should not expect anything in that line. Sir, the House will probably enjoy if I say that officers of military grass farms are required to be imported from England to come to India for growing grass in this country for the cattle maintained for the Indian Army. Officers are required to be imported from England for the military dairy farms to teach an agricultural country like India the business of dairying. Unless and until a substantial reduction is made in the army we can never be a willing party to the proposed taxations in the Finance Bill.

[Mr. Jagadish Chandra Banerjee.]

This is not all, Sir. The army expenditure may very well be reduced by raising volunteer militia corps in the different provinces not in the form of the present territorial force but purely on the principle of volunteer services. It is not long ago, Sir, that the Bengal Legislative Council including both officials and non-officials adopted a Resolution for raising a permanent battalion in Bengal and I would like to appeal to His Excellency the Commander-in-Chief to give his serious and favourable consideration in the matter. This will certainly go a great way to solve the problem of unemployment in Bengal and of the Bengali youths who were going astray in pursuit of activities of a dangerous character.

In regard to the postal rates I am surprised to find that the rates increased during the war as emergent measures are being maintained at that level. It is high time that Government should realize that the advantages of the penny postage introduced in India, was one of those benefits of British rule, which paved the way for the stabilization of British rule in India, and the present Government intoxicated with its unbridled power do not care for the goodwill of the subjects and the ruled. They raise taxation whenever it suits their convenience. In the present Bill Government has come forward with a suggestion of reduction of envelope rates which neither helps the rich nor the poor. The rich men would never care to write letters on paper and envelopes weighing half a tola for being charged a pice less than the rates for the ordinary envelopes. It does not help the poor because they very seldom write letters in envelopes. In regard to the taxes on income this lowering of the taxable income to Rs. 1,000 as an emergency measure has been continued even in the present Bill. Sir, it is a pity that Government, enthroned on a high pedestal of autocratic power, never care to feel for the poor taxed. The officials getting fabulous salaries, only obtainable in India, can never feel how much a few rupees by way of such taxes hit the poor and their families. To my knowledge middle class families hit by this tax had to deny themselves and their children some of the necessaries like medicines and invalid diets. The more I think about these things the more inclined I feel to think that the present administration is lifeless and too wooden and too impervious for kindness and generosity to percolate into their hearts.

Before I conclude I once more take this opportunity of congratulating the Honourable the Finance Member of the Government of India for proposing relief to the Government of my province. Sir, in this connection His Excellency the Governor of Bengal deserves no less to be congratulated as His Excellency by dint of his strenuous fight and cogent reasonings compelled the Government of India to give back the half of the jute export duty to Bengal which was her legitimate due. I hope His Excellency will redouble his fight in getting back the other half as early as possible. Sir, in this connection I can not let go unchallenged some of the remarks made by some of my friends during the general discussion of the present budget, of which the Finance Bill only forms a part. My friends from Bombay objected to the refund of this duty to my province and demanded on the contrary her share of the income-tax. Sir, I would have been very glad to support my friends from Bombay had they not flung their pin pricks against already overburdened Bengal. In this connection I would remind my friends from Bombay not to forget about the huge sums of money sunk in the Back Bay scheme and the Sukkur Barrage scheme from central revenues. Did Bengal object to such grants? Further, when protection to the steel and cotton industries were granted, did Bengal raise any objection, knowing full well that she would have to bear the brunt of the tax being consumers?

THE HONOURABLE MR. MATHURA PRASAD MEHROTRA : What about the United Provinces and Madras ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : I am surprised to find that the United Provinces and Madras also strike a similar note.

May I with all seriousness ask my friends from Bombay to calculate as to how much the consumers of Bengal paid to the Bombay capitalists by way of indirect taxation ? Sir, my friends from Madras also raised objections against this refund from central finances to Bengal. I would only remind them not to forget the crores from central revenues sunk in the Vizagapatam Harbour scheme, which is solely for the benefit of my friends from Madras and no one else.

THE HONOURABLE SIR KURMA VENKATA REDDI : Question ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Why should other provinces be jealous of Bengal, who is not jealous about any others at all ?

Sir, I once more reiterate my appeal to the Government of India to impress upon the Government of Bengal not to kill the nation-building departments in order to pamper to the already pampered Police Department in my province. My friend Mr. Bijay Kumar Basu, whom I do not see here today, the other day for satisfying his constituency, the Treasury benches, saw the red rag of terrorism in that statement. In the exuberance of out-heroding Herod himself, he probably forgot that His Excellency the Governor of Bengal in one of his public speeches, probably in Dacca, expressed the desire to get back the export duty on jute for fighting unemployment in Bengal and to allocate more funds for the nation-building departments. I, being an elected representative have got my duty towards my constituency, the public of India. I cannot be expected to repeat the masters' voice as my friend being a nominated Member could do. Sir, I wonder how he thinks that my criticism about the allocation of more funds to the Bengal police encouraged terrorism and if he by his ingenuity construed that meaning he is altogether mistaken. I desire as much, if not more, to see the prevention of terrorism and its suppression, but not by oppression as he would like to see. I would like to see the Police Department as best fitted as possible but not to the detriment of other nation-building departments in charge of Ministers. I was surprised as to what made my friend take the pampering of the Police Department and the suppression of terrorism to be synonymous. A smaller police force, well trained and disciplined like the Scotland Yard police, would have prevented terrorism better than the huge pampered Police Department of Bengal. I know as much as my friend Mr. Basu knows, that my stake in the country is no less, if not more, than that of my friend ; I desire peace in the country more than my friend who belongs to a profession which thrives only on quarrels and litigations. My friend's objections to the allocation of more funds to nation-building departments in Bengal were probably due to the fact that the Ministers in charge of such departments in Bengal are Muslims whom he would not trust, himself probably being a Hindu Sabhaite.

Sir, the principle of placing the Finance Bill annually before the Legislature is to give the people and their representatives the power to refuse supplies before their grievances are redressed. Against the present Government our grievances are too numerous to detail. The enquiry envisaged in the Government of India Act has not yet been finished. Commission after commission comes and goes, wasting fabulous sums and making individual English people

[Mr. Jagadish Chandra Banerjee.]

richer, but without producing any tangible good for the country. Everybody knows, be he a Congress man or otherwise, that the predictions of the Congress are going to be true regarding their statement that England do not desire to give any power worth the name to the Indian Parliament. The result will be the increase of the faith of the people on the Congress *bona fides*, than on the *bona fides* of the English rulers. The rich are groaning under income-taxes and land revenues, poor men are being crushed by taxes on kerosene, salt, matches and other necessaries and the middle classes are groaning under the increased postal rates and unemployment. Only the British officers and their henchmen are happy folk under the present system of administration.

Sir, I have nothing more to add but once more I would appeal to Government to take serious steps for the reduction of expenditure, both in the civil administration and the army administration, by reducing the strength of the highly paid officers and by substantially reducing the pay of the higher services who are paid salaries unthinkable in other countries. If expenditure is reduced the taxation proposed in the Finance Bills year after year can very well be brought to the pre-war level.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Sir, we listen year after year to the long tale of grievances before the House is prepared to pass the Finance Bill. These grievances are, during the course of the forthcoming year, very carefully read, tabulated, noted upon, investigated, sifted, and enquired into. That takes, I may assure the House, the larger part of the year to do. The Finance Department are marking with red ink all the suggestions that Honourable Members have made in the interests of economy and reduction of expenditure, and whenever any scheme is put before them either in the interest of public health, for instance, or education, or any other sort of expenditure, they are able to quote every time the speeches of many Honourable Members saying that in the interests of the taxpayer no such expenditure should be allowed, with the result that the Honourable Members of the Government of India feel themselves entirely helpless. Therefore, whenever some of the Honourable Members begin to say here that such-and-such a thing has not been done, they have only to thank their own colleagues who have made it impossible for any of us to stand up for our proposals.

I am sure, Sir, the House does not expect me to take up the various points relating either to my own Department or to the departments of my colleagues. If I take up the case of public health, which is one of the various subjects belonging to my portfolio, I may go on talking till the small hours of the 29th of March without having arrived at any very clear proposal as to what I intend doing. But I can certainly repeat the assurance already given that all these points, which have not already been disposed of very recently, are gone into by every department, and even those which have been decided quite recently, stand a fair chance of being taken up again unless they are crowded out by the new year coming in too soon.

THE HONOURABLE MR. J. B. TAYLOR: Sir, the shortness of notice does not seem to have operated as a very serious handicap on the eloquence or resilience of Members of this Honourable House. We have always to be prepared for this to be a somewhat melancholy day. It is the one day in the year on which the Finance Department presents its little bill and anybody who presents a bill can never look forward to a particularly warm welcome. Items which have support earlier are grumbled at when the cost comes to be paid.

I shall, however, Sir, at this late hour merely go through some of the more important points of general interest which were raised during the course of this long and interesting discussion.

The Honourable Mr. Kalikar possibly took the broadest ground of attack of all. He produced three canons of taxation which he had learnt in his early days and he proved to his own satisfaction that our budget failed to satisfy them. Sir, that may be all right for the political economist, but unfortunately, the officers in charge of a department like the Finance Department have one canon which comes first, and that is, they must get the money. These canons are all very well, but they are satisfactory only in so far as they secure the money which we require. Our policy, Sir, and I am convinced that the India of the future will realize that it is the right one, is to pay our way as we go. There are other countries like the United States, France and Japan, which are catering for the present with enormous budgetary deficits, and for the present, so far as one can see, things are not so particularly bad with them. But all the experience of the past shows that the reckoning has to be paid in the long run, and that it is the wisest policy to pay as you go. Even so, Sir, from my own recollection of political economy, I think that our present taxation does meet the most essential canon which is that taxation should be spread so as to cause the least disequilibrium to the greatest number of people; in other words, to broaden the basis of taxation. Undoubtedly the last five years have shown that our customs tariff has grown to an extent at which it has possibly attained its maximum, or possibly gone above that maximum, of usefulness, and in order to broaden our basis we have to supplement it with excises. From that point of view I think that even on the strictest theory of political economy our policy of excises, which we will develop later when dealing with the Bills on those subjects, is justified.

I now turn to the Honourable Mr. Glass and the familiar claims of one province *versus* another. He twitted us with not being logical and I admit that like every practical problem our action is not governed possibly by the strictest rules of logic. It is very easy to be critical and to accuse one's opponent of lack of logic. If it were not such a late hour I would be tempted to indulge in a little destructive criticism of the opposite benches on the ground of lack of logic. The Honourable Mr. Mehrotra for instance, indulged in an eloquent diatribe against taxing the poorest of the poor, and then went on, in the same breath almost, to suggest an increase in the taxation of rice, a product which is notoriously only consumed by the idle rich! (Laughter.) He then went on to say how wrong it was to have excises, because the proper course was not to tax production but to tax the income which people derive from production. Quite so. He then went on to say we ought to tax the export of gold. Why, on this assumption should we not be content with taxing the income derived by those who export the gold? And similarly with Mr. Hossain Imam—but he would deserve a speech to himself. Sir, the Honourable Mr. Hossain Imam reminds me of a legend of my youth, that drowning men are supposed to pass in review the whole of their lives in the twinkling of an eye. I have listened to him on many occasions and on each occasion he seems to pass in review all his previous speeches but unfortunately not in the twinkling of an eye! Sir, I do not propose to follow him in his ingenuous ramifications through the complicated system of accounts of the Government of India. I told him on a previous occasion that those points which deal with the complexity of our accounts are much better elucidated either in the form of question and answer or in the form of private conversation. I should be only too glad on any occasion on which he wishes to see me to try to explain to him any of the conundrums arising out of the vast and complicated system of accounts

[Mr. J. B. Taylor.]

like those of the Government of India. For instance, Sir, he has made play with what he calls a discrepancy of Rs. 44 crores in our debt statement. It would take me too long to explain how that apparent discrepancy arises—of course it is not a real discrepancy. It is due in part to certain items being shown at their nominal value instead of their actual value. The nominal loss on account of our sales of silver also accounts for about Rs. 34 crores. Similarly, he compares our sterling expenditure in 1921 with that of last year—that can also be explained, but it can only be explained by going into detail and I am afraid that I have not got all these matters at my fingers' ends, nor do I believe that the House would be interested if I went through them in the detail necessary for a proper elucidation.

Sir, I do not wish to go into much detail on this provincial question. As I said, our attitude possibly is not strictly logical, but we claim that it is practical. There are several provinces which are in difficulties, and it is all honour to them that they are uniformly doing their best to stand up to those difficulties. Bengal also is doing its best. Bengal has had a harder task possibly than any of them on account of its particular difficulties. It is impossible to lay down a simple rule of thumb, to say this must be done and that must not be done. We claim that we have dealt with it as a practical problem and as such we claim that our proposals give the greatest common measure of fairness all round.

Now, Sir, I do not wish to go into more detail on the numerous points raised, but I would like to say that on a general review of the position I do not myself see how any further large retrenchments are possible. The old familiar horse of army expenditure has been flogged once again. So much has been said about it that the other day I thought I would take out figures for my own information, and they may be of interest to this House. I compared the expenditure of the Government of India together with the provinces in 1903, again in 1913, in 1923 and again for 1933—that is, the last four ten-year periods. The actual amount of military expenditure in 1903 was Rs. 27 crores. It rose to Rs. 30 crores in 1913, Rs. 56 crores in 1923 and was down to Rs. 44½ crores in 1933. The percentages to the total are as follows :

33·35 per cent. of the total in 1903,

30·87 per cent. of the total in 1913,

31·68 per cent. of the total in 1923,

which is obviously on account of the large pension and other non-effective charges inherited from the war ; and it is down to 26 per cent. in 1933.

The charges on account of the unproductive debt came to 4·31 per cent. in 1903 and 2·89 in 1913 ; they rose to 9·91 in 1923, obviously as a result of the expenditure incurred during the war ; and now stand at ten per cent.

The most important feature, however, is the growth of expenditure on what may be called the nation-building activities, and this I think will be more interesting to the House. The amount spent on education, medical, public health, agriculture, industries, scientific departments (all those activities that are known as nation-building) was Rs. 4,11 lakhs in 1903 and rose to Rs. 21,45 lakhs in 1933, the percentage of the total rising from 5·05 to 12·65. I do not think, Sir, that in the light of these figures it is possible for anybody to argue that the proportion which military expenditure bears to the total is excessive in comparison with the strategic position of India or that it would be possible for me to express any hope that the proportion can be further materially reduced.

In that event, if more money is to be spent on nation-building, it seems to me that it must be found sooner or later from additional taxation. Or I might put it in another way, that if the country is to develop, more of the individual's income must be spent on common purposes. I do not wish to dwell at length on this aspect of the question. It has been discussed very eloquently by the Honourable Sir Nasarvanji Choksy, who drew a very vivid picture of the state of public health in India. Sir, if money is to be found for these activities it can only be found directly or indirectly by the individual contributing a greater share of his private resources to common purposes. I do not wish to press the point further than that, but that I think that is an inescapable conclusion. The Honourable Mr. Kalikar at the conclusion of his speech said that he and his Party would be willing to co-operate in the future with some popular Ministry if that popular Ministry desired more taxation. On the latter point I can assure him in advance, if my experience of the finances of this country is worth anything, that a popular Ministry will want more taxation. But Sir, if that is his attitude, why is he withholding his co-operation now? The need is pressing. The country is undoubtedly being starved of numerous beneficial activities and it must face hard facts. As I have said, I think that further retrenchment on any serious scale is impossible. We are running on the barest margin now and I see no hope for it but to broaden the base of taxation, if we are to broaden our activities. As a constructive attempt to recast the Indian taxation system in a manner which will spread the burden in the fairest way over all sections of the country, rich and poor, I commend this Bill to the consideration of the House.

THE HONOURABLE THE PRESIDENT : The Question is :

“ That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, as passed by the Legislative Assembly, be taken into consideration.”

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : The next stage of the Bill will be taken up tomorrow.

The Council then adjourned till Ten of the Clock on Thursday the 29th March, 1934.