

15th March 1937

**THE  
LEGISLATIVE ASSEMBLY DEBATES**

**(Official Report)**

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**Volume III, 1937**

*(15th March to 3rd April, 1937)*

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**FIFTH SESSION**

**OF THE**

**FIFTH LEGISLATIVE ASSEMBLY**

**1937**



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1937

# Legislative Assembly.

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**MR. MATHURADAS VISSANJI, M.L.A.**

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# LEGISLATIVE ASSEMBLY.

*Monday, 15th March, 1937.*

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

## QUESTIONS AND ANSWERS.

### BROADCASTING STATIONS AND PROGRAMMES.

662. \***Mr. S. Satyamurti:** Will the Honourable the Member for Industries be pleased to state:

- (a) the progress of building of Broadcasting Stations since the last statement was made in the Assembly on this matter;
- (b) the progress in the use of Indian materials therein; and
- (c) the arrangements, if any, made for improving the programmes?

**The Honourable Sir Frank Noyce:** (a) I would refer the Honourable Member to the reply I gave to part (ii) of Mr. Asaf Ali's question No. 331 on the 1st February. He will see from that reply that orders have been placed for the transmitting apparatus which will be required in the coming year. These include short-wave transmitters for Delhi, Calcutta, Bombay and Madras, and medium-wave transmitters for Lahore, Lucknow, Dacca and Trichinopoly. Negotiations are taking place for the acquisition of suitable sites and buildings for transmitters and studios. Arrangements have also been made for taking over the Peshawar station from the Government of the North-West Frontier Province from 1st April next.

(b) The technical equipment, etc., required for the new transmitting stations is not available in this country and has to be obtained from abroad. Such other material as can be had in India will be utilised to the fullest extent possible.

(c) An Advisory Council has been established to assist the Controller of Broadcasting in the working of the Delhi Broadcasting Station. The hours of broadcasting from Delhi have also been increased. A questionnaire was recently circulated by the Controller of Broadcasting to all license holders in the service area of the Delhi Station in order to find out how far listeners approved the present programmes and what modifications, if any, were generally desired. The replies are under the consideration of the Controller.

**Mr. S. Satyamurti:** May I know approximately when, according to Government's plans, the building of the stations in Madras and Trichinopoly is expected to be completed?

**The Honourable Sir Frank Noyce:** I hope somewhere about the end of this year.

**Mr. S. Satyamurti:** With reference to the answer to clause (b) of the question, may I know if Government have made any calculations of the cost of the non-Indian materials, as opposed to the cost of Indian materials, which are likely to be used in the putting up of these stations?

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

**Mr. S. Satyamurti:** May I know if Government have made any attempt to have any of these materials, which are now imported from abroad, made in India?

**The Honourable Sir Frank Noyce:** Government are doing, as I explained the other day, research work in regard to broadcast receivers, but this transmitting apparatus is of a very highly technical order, and it will, I fear, be a long time before it can be made in India. It is most complicated machinery of the manufacture of which no one in India has any experience.

**Mr. S. Satyamurti:** With reference to the answer to clause (c), may I know if any attempt is being made to have musicians of all-India reputation going round all these broadcasting stations giving their performances, so that we may get first rate performances at least occasionally in these broadcasting stations?

**The Honourable Sir Frank Noyce:** I think the cost of adopting my Honourable friend's suggestion would be prohibitive.

**Mr. S. Satyamurti:** Have Government made any calculation of the costs?

**The Honourable Sir Frank Noyce:** I think it has been considered, but if my Honourable friend wants further particulars, I shall be glad if he will put down a question on the subject.

**Mr. S. Satyamurti:** May I know if any attempt has been made by means of a musical academy or by another method, by which we can get some standardised Indian music, which will appeal to all Indian listeners, broadcast from all stations?

**The Honourable Sir Frank Noyce:** There, again, I should like my Honourable friend to put down a question. I am not an authority on Indian music and do not know enough about it to be able to answer a question like that offhand.

**Mr. S. Satyamurti:** May I know if Government propose to reconsider the question of allowing political speeches to be broadcast as a means of increasing the popularity of broadcasting stations?

**The Honourable Sir Frank Noyce:** Government's policy in that matter has been stated very clearly on more than one occasion in this House, and at present they do not propose to depart from it.

**Mr. T. S. Avinashilingam Chettiar:** With reference to clause (b), may I know what is the result of the experiments in connection with the manufacture of receivers?

**The Honourable Sir Frank Noyce:** I answered that question some days ago, and I would refer my Honourable friend to the answer I then gave.

**Mr. M. Ananthasayanam Ayyangar:** With reference to clause (c), have any arrangements been made to broadcast cotton prices from Bombay in the morning?

**The Honourable Sir Frank Noyce:** That question is still under consideration.

**Mr. M. Ananthasayanam Ayyangar:** Has not the Honourable Member received a number of representations from various districts in the Madras Presidency, Cuddapah, Bellary, Anantapur and Kurnool, where cotton is grown in abundance?

**The Honourable Sir Frank Noyce:** No, I have not received any representations recently.

VALUES OF IMPORTS AND EXPORTS FROM AND TO ITALY.

663. **\*Dr. P. N. Banerjee:** Will Government be pleased to state approximately the extent to which the values of (a) imports into India from Italy, and (b) exports from India to Italy, decreased as the result of the sanctions adopted against that country?

**The Honourable Sir Muhammad Zafrullah Khan:** There had been a decline both in the import and export trade of India with Italy, but it is impossible to say how much of this decline has been due to the sanctions and how much to other causes, such as, the operation of the trade restriction measures adopted by Italy.

**Mr. M. Ananthasayanam Ayyangar:** May I know if Italy has levied a ban on Indian goods?

**The Honourable Sir Muhammad Zafrullah Khan:** What ban is the Honourable Member referring to?

**Mr. M. Ananthasayanam Ayyangar:** Has not Italy imposed a ban on goods from India?

**The Honourable Sir Muhammad Zafrullah Khan:** Unless the Honourable Member refers me to something specific, I am afraid I would be unable to answer him.

**Mr. T. S. Avinashilingam Chettiar:** Since the removal of the sanctions, has the trade with Italy improved?

**The Honourable Sir Muhammad Zafrullah Khan:** Both imports and exports are beginning to look up, but it is too early to be able to give a definite reply.

**Mr. K. Santhanam:** What are the latest figures?

**The Honourable Sir Muhammad Zafrullah Khan:** The latest figures I have are for the year 1935-36: those naturally show a decline as compared with the previous year.

**Dr. P. N. Banerjee:** What has been the approximate amount of loss to public finance as a result of these sanctions against Italy?

**The Honourable Sir James Grigg:** The figures are extraordinarily vague and they must be vague. But I should say at a guess—and it is not worth much more than a guess—the cost to Indian revenues during the period of the sanctions might be in the neighbourhood of half a crore.

**Mr. K. Santhanam:** How did the Honourable Member then make it out? He has made a reference to the decline in trade owing to the sanctions against Italy in his budget speech. What was the basis of the inference?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has heard the answer: he can draw any deductions he likes from it.

**The Honourable Sir James Grigg:** The decline of trade is indubitable. But what I have been asked by the Honourable Member on my right is to guess how much the trade would have been if the sanctions had not been imposed; and there must be a pretty large element of hypothesis in that: and it is on that hypothesis that I have attempted to build.

#### AMOUNTS OF THE YIELD OF THE SALT (ADDITIONAL) IMPORT DUTY.

664. **\*Dr. P. N. Banerjee:** Will Government be pleased to state (a) the amounts of the yield of the Salt (Additional) Import Duty, year by year, from the date of the first imposition of the duty to the latest date for which figures are available, and (b) the sums of money made over during this period to the Government of Bengal out of the proceeds of this duty?

**Mr. A. H. Lloyd:** (a) and (b). A statement is laid on the table.

#### Statement.

(a) The amounts are :

	Rs.
1931-32 . . . . .	10,48,604
1932-33 . . . . .	17,04,762
1933-34 . . . . .	6,45,445
1934-35 . . . . .	4,22,805
1935-36 . . . . .	3,83,950
April 1936 to December 1936 <sup>a</sup> . . . . .	2,12,750

(b) The following amounts have been made over to the Bengal Government :

	Rs.
1931-32 . . . . .	5,36,800
1932-33 . . . . .	6,04,300
1933-34 . . . . .	2,11,800
1934-35 . . . . .	1,19,150
1935-36 . . . . .	95,800
April 1936 to December 1936 . . . . .	54,900

PURPOSES ON WHICH THE GOVERNMENT OF BENGAL SPENT THE PROCEEDS OF THE SALT (ADDITIONAL) IMPORT DUTY.

665. \***Dr. P. N. Banerjee:** Will Government be pleased to state the purposes for which the Government of Bengal spent the sums of money which were made over to them by the Government of India out of the proceeds of the Salt (Additional) Import Duty?

**Mr. A. H. Lloyd:** I would refer the Honourable Member to the reply given by me to part (d) of his starred question No. 1185 on the 13th March, 1936.

**Pandit Lakshmi Kanta Maitra:** May I know if when making over the amount realised from the additional import duty on salt to Bengal, the Honourable Member indicated to the Government of Bengal the views of this House that the amount should be primarily used for the improvement of the salt industry in Bengal?

**Mr. A. H. Lloyd:** The views expressed in this House in the course of the debate upon the subject when the question of the distribution of the proceeds of this additional duty first arose were communicated to the Government of Bengal.

**Pandit Lakshmi Kanta Maitra:** Before the debate was forwarded to the Government of Bengal, may I know if the Honourable Member

**Mr. A. H. Lloyd:** Will the Honourable Member put down a question? This happened some years ago.

**Pandit Lakshmi Kanta Maitra:** Cannot the Honourable Member say

**Mr. President (The Honourable Sir Abdur Rahim):** The Honourable Member asked for a date for something which happened some years ago.

**Pandit Lakshmi Kanta Maitra:** The year before last we debated the motion: hence I am asking the Honourable Member.

**Mr. President (The Honourable Sir Abdur Rahim):** He does not remember the date now: The Honourable Member can only put down a question.

**Mr. Lalchand Navalrai:** May I know if there has been any progress in the manufacture of salt in Bengal?

**Mr. A. H. Lloyd:** Very little: one experiment is still in progress.

**Pandit Lakshmi Kanta Maitra:** Did the Honourable Member actually inquire from the Government of Bengal if they actually took any active steps in regard to encouraging the salt industry in Bengal?

**Mr. A. H. Lloyd:** Yes, Sir, they did take such steps, but not at their own expense.

## COMPLAINTS AGAINST JUDICIAL OFFICERS IN AJMER.

666. **\*Mr. Mohan Lal Saksena:** Has any representation been made to the Judicial Commissioner, Ajmer, by certain persons of Ajmer, complaining against judicial officers there? If so, what action, if any, has been taken thereon?

**Sir Aubrey Metcalfe:** Yes. The Government of India have recently sanctioned a re-organisation of the judiciary in Ajmer-Merwara, and a District and Sessions Judge will shortly be appointed from a neighbouring province. This is expected to remove the grounds for complaint.

## NON-TRANSFER OF JUDICIAL OFFICERS AND OTHERS IN AJMER.

667. **\*Mr. Mohan Lal Saksena:** Is it a fact that the judicial officers and incumbents in other services at Ajmer have not been transferred for long periods? If so, for what reasons?

**Sir Aubrey Metcalfe:** Officers of services other than judicial are as far as possible changed periodically. In the case of judicial officers, there is not much scope for changes in a small administration like Ajmer-Merwara.

**Mr. Mohan Lal Saksena:** Will Government consider the question of making arrangements for transferring Judicial Officers as in other provinces like the United Provinces?

**Sir Aubrey Metcalfe:** Government have considered the question, but I understand it was found impracticable for valid reasons.

## PERIODICAL TRANSFERS IN THE CENTRALLY ADMINISTERED AREAS.

668. **\*Mr. Mohan Lal Saksena:** Are Government prepared to consider the feasibility of a system of compulsory periodical transfers in the centrally administered areas as well, like the provinces? If not, why not?

**Sir Aubrey Metcalfe:** It would not be practicable either financially or administratively to introduce a system of transfers between the centrally administered areas which are widely scattered and diverse. Within each such area, however, periodical transfers are made wherever possible.

## INSTRUCTIONS ISSUED TO EMPLOYEES TO CANVASS BUSINESS ON CERTAIN STATE RAILWAYS.

669. **\*Mr. Mohan Lal Saksena:** Is it a fact that on certain State-managed Railways instructions have been issued to certain employees to canvass business? If so, how are they expected to do so?

**The Honourable Sir Muhammad Zafrullah Khan:** With your permission, Sir, I propose to reply to this and question No. 670 together.

I would refer the Honourable Member to paragraph 15, sub-paragraph (ii) of the second Report of the Pope Committee, a copy of which is in the Library of the House. The Committee's suggestions were commended to Railways for consideration. Government have no information as regards the detailed action taken on railways either in regard to the instructions actually issued or appointments made.

**Mr. Mohan Lal Saksena:** Will the Honourable Member make inquiries as to what action has been taken?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member will put down the specific questions on which he wants information, I shall endeavour to obtain the necessary information for him.

**Pandit Lakshmi Kanta Maitra:** May I know, Sir, what are the functions of these canvassers?

**The Honourable Sir Muhammad Zafrullah Khan:** I have drawn the attention of the Honourable Member to the paragraph in the Pope Committee's Report which deals with it. I may also remind him that during the discussions of the Railway Budget, some Honourable Members on this side made specific suggestions that there ought to be such canvassers.

**Mr. M. Ananthasayanam Ayyangar:** May I know, Sir, if granting of special or low rates is also within the purview of these officers?

**The Honourable Sir Muhammad Zafrullah Khan:** Is it not hypothetical after I have said that Government have no information as regards the detailed action taken by the Railways?

**Mr. M. Ananthasayanam Ayyangar:** Have not Government issued any instructions regarding this Report as to what measures should be adopted?

**The Honourable Sir Muhammad Zafrullah Khan:** I have said that the Committee's suggestions were commended to railways for consideration.

#### APPOINTMENT OF CANVASSERS OF STATE RAILWAYS.

†670. **\*Mr. Mohan Lal Saksena:** Is it a fact that on certain railways appointments have been made as canvassers? If so, how many such canvassers have been appointed on each of the State-aided Railways, and what are their functions?

#### REDUCTION IN THE PRICE OF THE EAST INDIAN RAILWAY TIME TABLE.

†671. **\*Mr. Mohan Lal Saksena:** (a) In view of complaints from the public, are Government prepared to consider the feasibility of reducing the price of the East Indian Railway time table?

(b) What is the total income to the East Indian Railway from the sale of the time tables?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Agent, East Indian Railway, is arranging for the publication of a time table at a lower price than the 6-anna time table now published.

(b) I would refer the Honourable Member to the statement incorporated in the proceedings of the House on the 2nd March, 1937, in reply to part (c) of Mr. Sri Prakasa's starred question No. 301 on the 26th January, 1937.

**Mr. Mohan Lal Saksena:** Am I to understand, Sir, that the next time table will be cheaper than the present one?

**The Honourable Sir Muhammad Zafrullah Khan:** I cannot say whether necessarily the next time table will be cheaper than the present one, but the Agent says he has arranged for the issue of a cheaper time table. Honourable Members will remember that during railway budget discussions I undertook to have that matter looked into, and I believe very shortly a cheaper time table will be issued, but whether the next one which might be issued within a day or two will be necessarily cheaper, I cannot say.

**Pandit Lakshmi Kanta Maitra:** Will this cheaper time table contain less information than the present time tables?

**The Honourable Sir Muhammad Zafrullah Khan:** That I cannot say, but Honourable Members were anxious to urge upon me the necessity of the issue of a smaller and cheaper time table, and that particular suggestion I passed on to the Agent of the East Indian Railway.

#### FORMATION OF TRADE UNIONS ON RAILWAYS.

672. **\*Mr. Mohan Lal Saksena:** (a) Will Government state what steps they have taken to encourage the formation of trade unions on Railways?

(b) Is it not a fact that the Agent, East Indian Railway, notwithstanding the recommendation of the Labour Commission and the repeated requests of East Indian Railwaymen's Union in this behalf, has refused to grant interviews to the President of their Union?

(c) During the last five years on how many occasions, if any, has the Agent consulted the Union or its office-bearers?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) I would refer the Honourable Member to the policy of the Railway Board which is contained in the quotation from the memorandum at page 106 of the Report of the Royal Commission on Labour, a copy of which will be found in the Library of the House. No change has been made in this policy.

(b) and (c). Government have no information.

**Mr. Mohan Lal Saksena:** Will Government make inquiries with regard to parts (b) and (c)?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir.

**Mr. Mohan Lal Saksena:** After all, the question is worded "is it not a fact", and so I think it is the duty of the Government to have made inquiries?

**The Honourable Sir Muhammad Zafrullah Khan:** The question is on how many occasions a particular Agent has refused to see the President of a particular Union. I submit that is not a matter concerning which Government should be compelled to make inquiries. It is a matter entirely within the discretion of the Agent.

**Pandit Lakshmi Kanta Maitra:** May I know if the Honourable Member is going to impress upon the Agents of Railways that they should grant interviews to representatives of Trade Unions?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member so desires, I will send down to the Agents a copy of the question and answer.

**Mr. K. Santhanam:** As regards part (c), will the Honourable Member make inquiries?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir, I do not think any useful purpose will be served by making such inquiries.

**Mr. Mohan Lal Saksena:** Will the Honourable Member satisfy himself that the Agent of the East Indian Railway has not granted even a single interview during the last five years to the Presidents or representatives of any of the Trade Unions?

**The Honourable Sir Muhammad Zafrullah Khan:** As I have said, I will send down to the Agent of the East Indian Railway a copy of the Honourable Member's question and my answers.

**ABSENCE OF LIGHTS ON THE ROADS ON THE RIDGE LEADING TO THE ANTI-RABIC CENTRE IN DELHI.**

673. **\*Mr. Sham Lal:** (a) Are Government aware that the roads on the Ridge leading to the Anti-Rabic Centre at Delhi have no lights?

(b) Are Government aware that those roads are very steep and accidents are likely to occur for want of lights?

(c) Are Government aware that people frequent the anti-rabic centres, even at dead of night and that in the absence of lights on the roads they have to suffer hardships?

(d) Are Government aware that the people flock to this centre from all *moffusil* parts of the Delhi Province?

**Sir Girja Shankar Bajpai:** With your permission, Sir, I shall answer this and the next one together. I have called for the information, and will supply it to the Honourable Member as soon as possible.

**ACCOMMODATION FOR PATIENTS IN THE ANTI-RABIC HOSPITAL AT DELHI.**

†674. **\*Mr. Sham Lal:** (a) Are Government aware that for want of accommodation near the Anti-Rabic Hospital at Delhi, especially, poor people have to stay in unhealthy or even slum quarters during their treatment?

(b) Are Government prepared to undertake to build some accommodation near the hospital for these *moffusil* patients during their treatment for rabies either free of charge or on nominal rent?

**RESTRICTION ON THE ENTRY OF INDIANS IN BURMA.**

675. **\*Mr. O. N. Muthuranga Mudaliar:** (a) Is it a fact that in the Instrument of Instructions to the Burma Governor, power is given to restrict the general entry of Indians into Burma?

(b) Is it a fact that originally restriction was intended only in the case of immigration of unskilled labour into Burma?

† For answer to this question, see answer to question No 673.

(c) Are Government prepared to make representation to the Secretary of State so to amend the relevant clause as to confine the restriction of Indian entry to unskilled labour only in consultation with the Government of India and not with the Governor General as now provided?

**The Honourable Sir Frank Noyce:** I would refer the Honourable Member to the reply given in this House to Seth Govind Das's starred question No. 122 on the 25th January, 1937.

**Prof. N. G. Ranga:** Is it not a fact that, according to the Indo-British Agreement, there should be no change made in the first three years of the separation of Burma in the emigration of Indians into Burma?

**The Honourable Sir Frank Noyce:** I am afraid I must ask for notice.

**Mr. S. Satyamurti:** What is the answer to clause (c) of the question as regards the Government's desire or willingness to make a representation to the Secretary of State, as suggested in that clause?

**The Honourable Sir Frank Noyce:** The answer is that Government are not prepared to take the action proposed by the Honourable Member. I would refer the Honourable Member to the reply given to Seth Govind Das's starred question where he will find the position clearly explained.

**Mr. Ganga Singh:** May I know what is the policy of the Government, whether they propose to put any restrictions on this side on the emigration of Indians?

**The Honourable Sir Frank Noyce:** That, Sir, is a hypothetical question. I have nothing to add to the answer I have already given.

**Mr. Ganga Singh:** The question is very simple, Sir. What I want to know is whether the Government of India desire to put any restrictions on this side on the emigration of Indians into Burma?

**The Honourable Sir Frank Noyce:** I have nothing to add to the reply I have already given.

#### PROTEST AGAINST THE ADMINISTRATION OF THE FOREIGN EXCHANGE REGULATIONS IN PERSIA.

676. \***Mr. C. N. Muthuranga Mudaliar:** (a) Is it a fact that about 124 Indians, consisting mostly of merchants and medical practitioners residing in Persia, submitted a memorial to His Excellency the Viceroy, stating their grievances against the manner in which the foreign exchange regulations are being administered in Persia?

(b) What action have Government taken thereon?

**Sir Aubrey Metcalfe:** The attention of the Honourable Member is invited to the replies given by me on the 25th January, 1937, to parts (a) and (b) of Seth Govind Das's question No. 56.

**CASE INSTITUTED BY THE NATIONAL PETROLEUM COMPANY, LIMITED,  
CALCUTTA, AGAINST THE SECRETARY OF STATE FOR INDIA.**

677. \***Sardar Mangal Singh:** Is it a fact that the National Petroleum Company, Limited, Calcutta, has instituted a suit No. 892 of 1935 in Calcutta High Court against the Secretary of State for India for the recovery of Rs. 1,33,101-13-9 for refund on 623,288 gallons, upon which duty had been paid?

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

**SHORT NOTICE QUESTION AND ANSWER.**

**DISABILITIES OF INDIANS IN THE COLONIES AND PROTECTORATES WITHIN THE  
BRITISH EMPIRE.**

**Mr. F. E. James:** Will Government be pleased to state whether they will consider the advisability of:

- (a) authorising their representative at the forthcoming Imperial Conference to enter into direct communication with the Colonial Office of His Majesty's Government regarding the disabilities of Indians in the Colonies and Protectorates within the British Empire;
- (b) strengthening their representation in Ceylon and Malaya by appointing more senior officers; and
- (c) appointing a representative of high standing of the Government of India in Burma after its separation from the Indian Empire?

**Sir Girja Shankar Bajpai:** (a), (b) and (c). The answer is in the affirmative.

**Mr. F. E. James:** Arising out of the answer, more especially to clause (a) of my question, may I ask the Honourable Member, whether if a decision, if any, is reached before the end of this Session, it will be communicated to this House?

**Sir Girja Shankar Bajpai:** If a decision is reached before the end of this Session here, I shall endeavour to seek an opportunity to explain it to the House.

**Mr. F. E. James:** With regard to the answer to clause (c), will the Honourable Member bear in mind the very great importance of arriving at a decision as soon as possible after the separation of Burma on April 1st?

**Sir Girja Shankar Bajpai:** I can assure my Honourable friend that the desirability of taking some such step has been present to the mind of the Government of India for some time, and preliminary correspondence on the subject is already afoot with the Government of Burma.

**Mr. F. E. James:** In regard to the answer to clauses (b) and (c) of the question, will the Honourable Member kindly consider the desirability of consulting the Standing Advisory Committee on Education on these matters before the Session concludes?

**Sir Girja Shankar Bajpai:** My Honourable friend is probably referring to the Standing Committee on Emigration.

**Mr. F. E. James:** Yes, I am sorry. I meant the Standing Committee on Emigration.

**Sir Girja Shankar Bajpai:** The reply is, Yes.

**Prof. N. G. Ranga:** What is the nature of the action proposed to be taken in trying to appoint more senior officers in Ceylon and Malaya?

**Sir Girja Shankar Bajpai:** That is the nature—appointing more senior officers.

**Prof. N. G. Ranga:** Why do they want to appoint more senior officers than the officers they have at present? Are they dissatisfied with the kind of officers that they have at present?

**Sir Girja Shankar Bajpai:** No, that is not the question, and there is no intention of disturbing anybody who is holding the position at present. But the fact remains that questions both in Ceylon and in Madras are now becoming more complicated and it may be desirable really to have somebody of greater experience than the officers we have had in the past.

**Prof. N. G. Ranga:** Am I to understand that when these more senior officers are appointed their designation also will be improved, they will be appointed with a higher status?

**Sir Girja Shankar Bajpai:** I do not know what my Honourable friend means by their designation being improved. The designation is Agent and they will continue to be Agent.

**Prof. N. G. Ranga:** Will it result in any way in appointing English officers in the place of Indian officers?

**Sir Girja Shankar Bajpai:** My Honourable friend is entirely unjustified in drawing the inference that officers of a particular race are going to be appointed for this particular purpose.

**Mr. M. Ananthasayanam Ayyangar:** There are ample precedents for it.

**Sir Girja Shankar Bajpai:** I should be glad to know of a single instance of it; with regard to this appointment of Agents, there is none.

**An Honourable Member:** We will give a dozen.

**Prof. N. G. Ranga:** There will soon be an Englishman in your place!

**MOTION FOR ADJOURNMENT.**

**JUTE MILL STRIKE IN CALCUTTA.**

**Mr. President** (The Honourable Sir Abdur Rahim): Order order. The Chair has received a notice from Prof. Ranga to the effect that he wished "to move the adjournment of the House on the 15th instant on a definite matter of urgent public importance, namely, the failure of the Government of India to take any effective steps to settle the Jute Mills strike at Calcutta and Howrah or even to prevent its recent alarming extension which is calculated to result in a heavy loss to the Central revenues and impede the process of economic recovery of India". The Chair has received an Order from His Excellency the Viceroy and Governor General of India with reference to this motion, a copy of which was also forwarded to the Government of India in its appropriate Department. It runs thus:

"In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby disallow the motion of Prof. N. G. Ranga to move the adjournment of the House for the purpose of considering 'the failure of Government of India to take any effective steps to settle the Jute Mills strike at Calcutta and Howrah or even to prevent its recent alarming extension which is calculated to result in a heavy loss to the Central Revenues and impede the process of economic recovery of India' on the ground that the motion relates to a matter which is not primarily the concern of the Governor General in Council.

(Sd.) LINLITHGOW,

*Viceroy and Governor General.*"

**ELECTION OF MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.**

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

"That the non-official members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public Accounts in place of Mr. B. Das, Prof. N. G. Ranga, Dr. Thein Maung and Mr. J. Ransay Scott, who will retire on the 22nd March, 1937, in accordance with sub-rule (4) of the same rule."

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

"That the non-official members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public Accounts in place of Mr. B. Das, Prof. N. G. Ranga, Dr. Thein Maung and Mr. J. Ransay Scott, who will retire on the 22nd March, 1937, in accordance with sub-rule (4) of the same rule."

(After a little pause.)

The question is:

"That the non-official members . . . ."

(At this stage, Prof. N. G. Ranga rose in his place.)

The Chair paused before putting the question to give a chance to any Honourable Member who might wish to make any remarks on this motion, but nobody rose in his place. The Honourable Member ought to have risen earlier. However, he may go on.

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadan Rural): May I know from the Honourable the Finance Member whether he proposes to publish the minutes of evidence of the last meeting of the Public Accounts Committee, and, if so, when?

**The Honourable Sir James Grigg:** That does not arise out of this motion.

**Some Honourable Members:** It does arise out of this.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Last year, we had occasion to go through the evidence that was placed before the Public Accounts Committee and that gave us to a very great extent information about the working of the various departments of the Government of India. I hear that up till now the evidence had been published. Recently we heard that in the same way in which many departments of the Government of India have received touches since the arrival of the Finance Member,—in this also he seems to have felt that he ought to interfere. The questions that were put in the Public Accounts Committee and the answers elicited were such that a lot of information which was given would otherwise not see the light of day. All these were published. Now we suspect that attempts are being made not to publish the evidence tendered before the Public Accounts Committee. Now, when my Honourable friend, Prof. Ranga, asked a question whether, as usual, the evidence before the Public Accounts Committee will be published this year also, the honest reply would be yes or no. On the other hand, we get a reply that is somewhat unusual, and that is, that this question does not arise. It does arise for this reason that if this Committee is to function properly and usefully, not only should the conclusions which it arrives at but also the evidence that is placed before it and sifted by it . . . . .

**Prof. N. G. Ranga:** It is not for him to say that; it is for the President to rule it like that.

**Mr. T. S. Avinashilingam Chettiar:** And as my Honourable friend, Prof. Ranga, points out, it is for the President to say whether it arises out of this or not, but as is usual with the Finance Member, he assumes the power of many of his own colleagues, and this time, of even the President. May I say . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not know if Prof. Ranga had raised a point of order, but if he had, his colleague, Mr. Chettiar, prevented the Chair from giving a ruling itself.

**Mr. T. S. Avinashilingam Chettiar:** I am sorry, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The motion is that the Committee be appointed, and if the Finance Member refuses to give any information as regards the publishing of the proceedings of the last Public Accounts Committee, it is a point for the House to consider that in connection with this motion.

**Mr. T. S. Avinashilingam Chettiar:** There is no use of this Public Accounts Committee if the evidence placed before it is not to be published. The members there are the representatives of this House, and, through them, this House has the privilege of putting questions and eliciting answers about the working of the Government of India. So I submit there is no use of this Public Accounts Committee if its proceedings are not to be published. If a proper answer is not forthcoming from the Honourable the Finance Member, we oppose this motion.

**Mr. N. M. Joshi** (Nominated Non-Official): May I say a word about this? I feel that the Public Accounts Committee is a statutory Committee and therefore it does not lie within the power of the Finance Member to publish or not to publish the evidence volumes. It is for the Committee to decide this matter. If the majority of the Committee decide that evidence should be published, I feel that the Finance Member has no power at all to withhold the evidence.

One other point I would like to raise on this motion. During the general debate on the Budget I had pointed out an attempt made by the Honourable the Finance Member in restricting the scope of the Standing Finance Committee. I then asked the Honourable the Finance Member whether he is making similar effort, if I may say so, to define, even if I may not say restrict, the scope of the Public Accounts Committee. I would like him tell the House what his proposals are. I feel that these committees of the House are very important in enabling the House to come to a decision on important financial matters. I would therefore like the House to have full information regarding the proposals which the Government of India may be considering as regards the scope of the Public Accounts Committee.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): I was hoping that the Honourable the Finance Member after his dove-like performance the other day, would show a change of heart, when a matter of this kind is raised in this House. I had intended to raise this question, when I speak on the Finance Bill. As I cannot speak after the Finance Member has spoken, I would like to point out to you, the Finance Member, and this Honourable House that this Committee is a statutory committee as Mr. Joshi pointed out. Under Rule 51 of the Legislative Rules, this Committee is appointed in this House for a specific statutory purpose. This is, what it says:

"As soon as may be after the commencement of the first session of each Assembly, a Committee on Public Accounts shall, subject to the provisions of this rule, be constituted for the duration of the Assembly for the purpose of dealing with the appropriation accounts of the Governor General in Council and the report of the audit officer thereon and such other matters as the Finance Department may refer to the Committee."

Therefore, it is a comprehensive committee.

Rule 52 gives an even more detailed reference to the Committee:

"In scrutinising the appropriation accounts of the Governor General in Council and the report of the audit officer thereon, it shall be the duty of the Committee to satisfy itself that the money voted by the Assembly has been spent within the scope of the demand granted by the Assembly. It shall be the duty of the Committee to bring to the notice of the Assembly (i) every re-appropriation from one grant to another grant; (ii) every re-appropriation within a grant which is not made in accordance with such rules as may be prescribed by the Finance Department; and (iii) all expenditure which the Finance Department has requested should be brought to the notice of the Assembly."

[Mr. S. Satyamurti.]

I have been serving on this Committee for the last two years, and the year before last the evidence volume was published.

**The Honourable Sir James Grigg:** That is true.

**Mr. S. Satyamurti:** And the evidence was recorded last year also by the shorthand writers when these meetings took place. The evidence was edited by the Honourable the Finance Member or his assistants and we had nothing to do with it. This year also, in Simla, the same procedure was followed. Shorthand writers were there. Notes were taken down of the proceedings, and, speaking subject to correction, no reference was made by the Finance Member to the Public Accounts Committee on the question of not publishing the evidence this year. Sir Muhammad Yakub was a member of the Committee, and I speak for all the members when I say that no reference was made to this Committee that this evidence was not going to be published this year.

**Mr. President** (The Honourable Sir Abdur Rahim): Is it published every year?

**Mr. S. Satyamurti:** My information is that the evidence has been published all these years—ever since the Public Accounts Committee was constituted. That is my information, and I have not been contradicted.

**The Honourable Sir James Grigg:** That is perfectly right.

**Mr. S. Satyamurti:** I admire my friend's coolness. He does not seem to be afraid of you, or the House, or even of God. He comes here and says quietly that it used to be published every year.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understood the Honourable Member to say that the question did not arise in connection with this motion. He did not refuse to publish the evidence. The Chair takes it that the practice so far has been to publish the evidence. It is open to Honourable Members to raise the question in the ordinary course by putting down a question or they can take that answer into consideration in dealing with the motion.

**Mr. S. Satyamurti:** The report part of the volume has been published many months ago, and the evidence has not been published. I shall not refer to a conversation I had with the Finance Member, because I have bitter experience of that.

**Mr. President** (The Honourable Sir Abdur Rahim): It cannot strictly arise out of this question.

**Mr. S. Satyamurti:** I wrote to Mr. Sanjiva Row and the Honourable the Finance Member asking them whether they proposed to publish the evidence, and, if not, why not.

**Mr. President** (The Honourable Sir Abdur Rahim): The question will directly arise when the report of the Public Accounts Committee is placed before the House. If the evidence is not there and it has been withheld,

contrary to the practice in this House, then the question would arise and the Honourable Member would be justified in raising the point. At present this point arises only indirectly in connection with the present motion for the appointment of the Public Accounts Committee and Honourable Members may very well take that into consideration if they so choose.

**Mr. S. Satyamurti:** My object is to get an official and authoritative answer which will go into the proceedings of this Honourable House, on which I may take action. My difficulty with the Honourable the Finance Member is that he contradicts me. Therefore, I prefer the method of putting a question directly on the floor of the House, and of getting an answer from him, and then raising the question of privilege. This Committee has been consistently publishing its evidence for the last 15 years. Today, I am anxious that the evidence ought to be published. I want to tell this House that the evidence volume contains the questions put to the witnesses in the various departments and their answers. The answers are often very useful, and unless the evidence is published, the report by itself will not throw as much light on the financial transactions of the Government of India. No doubt, I agree that the Honourable the Finance Member and I being talkative gentlemen would occupy most of the pages of the Public Accounts Committee. He is responsible for seeing that it is published. He can keep as much about himself as he likes, and give as little as he likes of my questions. I have no part or lot in it, but I submit to the House that we must have the evidence volume. Page after page, important questions of financial control, audit control, and re-appropriations have been elaborately discussed, and I must say that the Honourable the Finance Member in his expansive moments has laid down many canons of financial wisdom and financial propriety and of audit control in the course of the evidence, which I am sure will do good to the spending departments. I do not want to deny to the spending departments the benefit of these gems of wisdom which have fallen from his lips. Incidentally, it may give prominence to those who are co-operating with him, but we cannot take the statement lying down that this report which has been published for the last 15 years is not going to be published in the future.

**Mr. President** (The Honourable Sir Abdur Rahim): He has not taken that attitude.

**The Honourable Sir James Grigg:** I did not expect that this question would be raised today in connection with this motion, although I expected that it would arise on the motion for taking the report of the Committee into consideration, and that was the motive behind my preliminary remark that it did not arise on this motion, but if it will suit the convenience of the House that I should make a statement now on the subject, I am perfectly prepared to do so.

**Mr. President** (The Honourable Sir Abdur Rahim): That will be the best course.

**The Honourable Sir James Grigg:** It is perfectly true that the shorthand notes of the evidence have not yet been published. One of the points which the Members who have spoken have overlooked is that attached to every day's proceedings is a summary of the evidence for that day,

[Sir James Grigg.]

so that in the volume already published there is a full summary of each day's proceedings. It is perfectly true that I thought it was not necessary to incur the expense of printing the shorthand notes. It is also perfectly true that the Honourable Member, Mr. Satyamurti, approached me about it. He also gave me a hint, he gave me an account of his real desire in having the evidence published which I need not touch on here . . . . .

**Mr. S. Satyamurti:** If you do touch on it, I won't contradict you.

**The Honourable Sir James Grigg:** All right, in view of that invitation, I may say that I said to the Honourable Member that you have got the evidence summarised already, why do you want to incur the expense of having the shorthand notes of the evidence printed, as there are copies available in the Finance Department and they are available to the Honourable Members of the Committee? The Honourable Member said to me that the reason why he wanted it published was that he wanted whatever he said to be advertised.

**Mr. S. Satyamurti:** I am not ashamed of what I said.

**The Honourable Sir James Grigg:** Possibly mistakenly, but I thought that that was an inadequate reason for incurring the expense of actually printing the evidence in view of the fact that a summary has already been printed.

**Mr. President** (The Honourable Sir Abdur Rahim): The practice has been to publish it at full length?

**The Honourable Sir James Grigg:** Yes. After Mr. Satyamurti spoke to me, I consulted informally most of the members of the Committee who were readily available and I can say quite frankly that the majority of the Members of the Committee agreed with me that it was unnecessary to print the evidence . . . . .

**Prof. N. G. Ranga:** What about myself, and what about Mr. B. Das?

**The Honourable Sir James Grigg:** You were not available at the time. I consulted all those who were available, informally, and I discovered that the majority of the Committee agreed with me that there was not sufficient reason for continuing to publish the evidence. Well, Sir, that was *prima facie* the justification for the view which I took; but I do not propose to leave it at that: I am proposing to consult the Committee formally when they next meet, and that is the position as it now is.

**Mr. T. S. Avinashilingam Chettiar:** What is the expense involved in publishing the evidence?

**The Honourable Sir James Grigg:** I cannot say off-hand.

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

"That the non-official members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public Accounts in place of Mr. B. Das, Professor N. G. Ranga, Dr. Thein Maung and Mr. J. Ramsay Scott, who will retire on the 22nd March, 1937, in accordance with sub-rule (4) of the same rule."

The motion was adopted.

## ELECTION OF THE STANDING COMMITTEE ON ROADS.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): Sir I beg to move:

"That this Assembly do proceed to the election, in such manner as the Honourable the President may direct, of six members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Road Fund during the financial year 1937-38."

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

"That this Assembly do proceed to the election, in such manner as the Honourable the President may direct, of six members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Road Fund during the financial year 1937-38."

The motion was adopted.

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## ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): Sir, I beg to move:

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, 11 members from the Assembly who shall be required to serve on the Standing Finance Committee for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

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

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, 11 members from the Assembly who shall be required to serve on the Standing Finance Committee for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

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## ELECTION OF THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): Sir, I beg to move:

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, six non-official members from the Assembly who shall be required to serve on the Central Advisory Council for Railways."

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

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, six non-official members from the Assembly who shall be required to serve on the Central Advisory Council for Railways."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of Members to the Committee on Public Accounts, the Standing Committee for Roads, the Standing Finance Committee for Railways and the Central Advisory Council for Railways, the following dates have been fixed for receiving nominations and holding elections, if necessary, namely:

Name.	Dates for nominations.	Dates for elections.
(1) Committee on Public Accounts . . . . .	17-3-37	19-3-37
(2) Standing Committee for Roads . . . . .	17-3-37	20-3-37
(3) Standing Finance Committee for Railways . . . . .	17-3-37	19-3-37
(4) Central Advisory Council for Railways . . . . .	20-3-37	30-3-37

The nominations for all the three Committees and the Council will be received in the Notice Office upto 12 Noon on each day appointed for the purpose. The elections, if necessary, which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote, will, as usual, be held in the Secretary's Room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M. on the dates mentioned above.

#### THE INDIAN OATHS (AMENDMENT) BILL.

**Mr. J. A. Thorne** (Government of India: Nominated Official): Sir, with your permission, I beg to move for leave to introduce a Bill further to amend the Indian Oaths Act, 1873, for a certain purpose.

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

"That leave be granted to introduce a Bill further to amend the Indian Oaths Act, 1873, for a certain purpose."

The motion was adopted.

**Mr. J. A. Thorne**: Sir, I introduce the Bill.

#### THE COMMERCIAL DOCUMENTS EVIDENCE BILL.

**Mr. J. A. Thorne** (Government of India: Nominated Official): Sir, with your permission, I beg to move for leave to introduce a Bill to amend the Law of Evidence with respect to certain commercial documents.

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

"That leave be granted to introduce a Bill to amend the Law of Evidence with respect to certain commercial documents."

The motion was adopted.

**Mr. J. A. Thorne**: Sir, I introduce the Bill.

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THE INDIAN FINANCE BILL—*contd.*

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

**Mr. C. N. Muthuranga Mudaliar** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, the other day, before the House adjourned, I was referring to the Home Department and the Commerce Department.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): May I ask the Honourable Member to speak up?

**The Honourable Sir James Grigg** (Finance Member): We can't hear him.

**The Honourable Sir Frank Noyce**: I thought I could not hear him because I am deaf, but I find that other Members sitting on these benches are also in the same position.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member should speak a little louder.

**Mr. C. N. Muthuranga Mudaliar**: Today I propose to refer to the other Departments of the Government of India. The next Department that I wish to take up is the Department of Education, Health and Lands. What has this Department done for the agricultural development in India? The Government have not adopted a bold policy in the matter of agriculture or agricultural research. Tinkering here and there with either the fiscal policy or advancing grants is absolutely no good. What is required is a bold initiative in the reorganisation of the activities of the agricultural department. The Imperial Council of Agricultural Research, which is supposed to co-ordinate the work in the provinces, has not so far done anything to the masses. The masses and the agriculturists do not know that there is such a department as the Agricultural Department or the marketing department. The results of the researches made by this department are not published in the language of the provinces. Now that the provinces have become autonomous, these departments of the Government of India may be dissolved and expenditure retrenched, so that the provinces may take care of those functions in accordance with the needs of the respective provinces. I would like to know how far the research activities or the marketing organisations have been of real help to the villagers. The villager today is suffering from a series of evils. He has neither the funds nor the facilities for effecting improvement in agriculture. He has no

[Mr. C. N. Muthuranga Mudaliar.]

means of marketing his goods without the middleman. The Government of India should initiate a bold policy in village co-operation and credit. The so-called crore of rupees, earmarked for the village uplift, has not even touched the fringe of the problem. I would like to know from the Finance Member why he has discontinued this grant for this year? Is it because that he thinks that the crore already granted has brought the millennium nearer; or because he has defeated the Congress in its rural uplift programme. I can only conclude that the Government in order to show their aversion to the Congress mentality of the villagers, as shown in the recent provincial elections, have discontinued this grant for this year. Even the crore which was granted last year does not seem to have benefited the villager in any way. So far as my own province of Madras is concerned, this sum does not seem to have been spent through the local boards as was done in the previous year; it was reserved to be spent through the so-called economic councils formed on the eve of the elections, and I am not sure whether any portion of it was spent at all for the benefit of the villagers. As regards the tariff policy of Government in the matter of agricultural commodities such as sugar, rice and wheat, it is now well known that either Government want to crush the existing factories by imposing very high excise duties or vested interests come in the way of giving protection to those industries.

First, let me take sugar. The worst fears entertained by most of us regarding the new orientation in the policy of the Government of India on the problem of discriminatory protection to the industries in India have been more than fulfilled by the hard blow that is given to sugar industry. Any one who is acquainted with the development of sugar industry in India during the past ten years will be impressed by the progress made therein. In 1913-14, the import of sugar into India was 800,000 tons valued at Rs. 14.29 lakhs, the imports in 1936-37 are reduced to a bare 18,000 tons valued at 19 lakhs. As a result of the development of sugar industry in India, not only has the area under cultivation of sugar been increased but also a marked improvement is noticeable in the quality of sugar produced. From the statistics available it is clear that the total amount, paid by factories to agriculturists during the last ten years, has increased by more than a thousand per cent. Further whereas the consumer had to pay nearly Rs. 11 per maund of sugar in 1928, he can get the same quantity for about 40 per cent. less today. Thus it is apparent that the growth of sugar industry in India has been of great help not only to the manufacturer and the agriculturist, but also to the consumer. This process was brought about by the Government of India in pursuance of its policy of discriminatory protection, introduced sometime ago. India has today become self-sufficient in regard to this commodity. If today the Government of India were to put a spoke into the wheel of progress with regard to this industry, it is difficult to discern any logic in its policy. For one thing, apart from the internal competition to which the industry is already subject, it will have to face foreign competition as well on a large scale. For another the enhancement of the excise duty may be instrumental in closing down of many of the existing mills, further restriction in the cultivation of this crop and lastly the throwing out of employment in large degree of both skilled and unskilled labour. It is most unfortunate that the Government did not think it necessary to consult the

interests affected prior to the formulation of any policy by which the representatives of the industry will be most affected. One wishes Government had greater foresight and not invited trouble by further impoverishing the agriculturists.

What is the position of rice? Rice has suffered most in the bargain. Government, in their anxiety to help Siam and Indo-China on the one hand or to help Burma which is to be separated shortly from India, have thought it fit either not to impose a duty on foreign rice or to make no regulations with regard to importation of Burma rice into India. Madras has suffered most as could be seen from the representations made by the Madras Government. Unless and until rice import from Burma into Madras is regulated, there is no chance for the Madras rice to rise in prices. The first duty of the Government of India after the separation of Burma would be to consult all the rice growing provinces of Madras, Bengal, Bihar and Orissa and see whether any system of licensing for Burma rice would not be beneficial to these provinces. This is a very important point which the Government of India should take up immediately. The crop planning conference, consisting mostly of officials, recommended the imposition of an import duty on foreign rice and paddy, and the removal of the export duty on Indian rice, which unfortunately has to bear export duty in the country of origin and import duty in the country to which it is imported.

As regards marketing facilities for the villagers, I should like to know what the Marketing Officer is doing? The villager is still ignorant of the price for which he has to sell his goods, or the quality of rice that would be in demand in places of consumption. Unless and until the marketing experts establish a sort of marketing intelligence in the villages and remove the ignorance of the villager in the matter of marketing his goods, there can be no real relief to him. The entire agricultural problem or the economic problem of the cultivator is so mixed up with the question of land revenue policy that unless Government are prepared to go into the question any hope of emancipation for the cultivator is futile. The land revenue assessment according to modest estimates works up to over 50 per cent. of his actual income. The Government of India should immediately appoint a committee to study how far the incidence of land tax is affecting the agriculturists.

Another branch of administration which is under this Department is the public health. Sanitation and medical facilities in the rural parts of India has still largely to be improved. The scourge of malaria takes a large toll and there are various other diseases which deplete the population. Sufficient funds are not allotted in the provinces to medical relief, sanitation and public health. Whatever little money is spared for public health is absorbed in the shape of salaries to the staff. The House is aware that so far as veterinary education is concerned, there are more than half a dozen provincial colleges in the provinces and there are any number of highly trained veterinary doctors available in India and quite equal to any trained in England. I understand that the Government are contemplating to start a Central Veterinary college in Izatnagar simply to provide suitable berths for some Europeans to be imported from England. The scheme which is estimated to cost about two lakhs per annum is a great burden on the taxpayer, especially when suitable veterinary colleges are already in existence. The existing colleges

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may be improved in efficiency by further help rather than starting a new Central college just to provide jobs for the so-called experts to be brought from England.

Another important subject which is dealt with in this Department is the question of Indians abroad. The other day, there was a budget cut motion regarding this subject. Nobody referred to the disabilities of Indians nearer home, I mean in the island of Ceylon. In Ceylon there are Indians other than estate labourers whose number is fairly large, being about one lakh. They labour under many disabilities mostly imposed by statute. The Indians in Ceylon have been greatly alarmed by the recent policy of the Ceylon Government evidently influenced by the opinion of the State Council calculated to shut out Indians from all public services. The policy of "Ceylon" for the "Ceylonese" has even spread to mercantile firms and even well qualified Indians cannot get into mercantile offices. The definition of the term "Ceylonese", in the Land Development Ordinance of 1935, has practically excluded all Indians from the benefit of the concessions in regard to crown lands under the colonization scheme. It is surprising that this definition has been adopted with the consent of the Secretary of State for the Colonies. It is not known whether the Government of India were ever consulted in this matter, and if so, whether they lodged their protest. If they are powerless in these matters, then why keep an Agent to the Government of India in every Colony? For some time past all the Government departments in Ceylon have been definitely excluding Indians from recruitment to the civil posts. The medical council of Ceylon does not admit qualified Indian medical men to their register either for setting up practice or for finding employment in estate hospitals and dispensaries. The attitude of the Ceylon medical council is against the interest of the Indian settlers and is indirectly the cause of lack of adequate medical facilities for Indians especially estate labourers. The Government of India should take steps to get this ban removed. I understand there is a proposal to enter into trade agreement with Ceylon that the Government of Ceylon are keen on it simply to find a market for their products specially coconuts. In any such agreement, the disabilities of Indians should not be lost sight of, and every effort should be made to secure equal rights for Indians.

Recently the Government of Ceylon appointed Sir Edward St. John Jackson as the sole commissioner to enquire into and report generally on the immigration of workers skilled and unskilled into Ceylon from India. I should like to know whether the Government of India have taken any steps to represent the case of India before the Commissioner. The position of Indians, settled in Ceylon, is being made intolerable day by day by vindictive ordinances, such as, minimum wage ordinance, land development ordinance, the income-tax ordinance and so on. The customs duties are so regulated that they increase the cost of living of Indians. The tariff has also ruined many small Indian merchants.

Well, Sir, I need not dwell at length on the disabilities of Indians in other colonies. No Indians are permitted to settle down in Australia and New Zealand, and even for temporary sojourn cash deposits are demanded before being allowed to land there, thus painfully reminding the sojourner that he belongs to a slave country. In Fiji islands, the racial anomaly still

persists. There is great dis-satisfaction among the Indian community on the franchise question. As regards the deplorable condition of Indian nationals in the African Continent, volumes can be said. Time forbids me from narrating in great detail the tales of woe that our countrymen are undergoing in Africa. Recently there was a so-called good-will mission which toured throughout India at the cost of the Indian tax-payer to the extent of a lakh of rupees. The practical result of that good-will mission is that soon after their arrival in Africa, further discriminatory and humiliating measures have been put on the legislative anvil, and the Indians in Africa are threatened with extinction by these measures. As if the woes of our brethren in the Dominions and colonies are not enough to occupy our attention, trouble is brewing in the adjacent Province of Burma which is to be separated from India from 1st April next. I have grave and disquieting fears about our countrymen in Burma after separation. Already the Government of Burma have given us a foretaste of their attitude towards India by increasing the postal rates between India and Burma. This will surely affect the postal facilities so long enjoyed by Indians settled in Burma who have often to correspond with their relations and friends in India. This is the reciprocity shown by Burma for the trade facilities which they will enjoy for three years even after separation. This lamentable plight of our countrymen abroad is entirely due to the apathy of the Government of India towards the interests of Indians. If a single Englishman is ill-treated anywhere in the globe, then the whole might of Britain on land, sea and air will be set in motion to seek reparation for the wrong done to that single Englishman. On the other hand, Indians, whatever be the depth of humiliation they are subjected to, are left uncared for. This reminds us of our slavery under alien yoke, and it is all the more imperative that Indians to whatever class or religion they may belong should respond to the clarion call of the Indian National Congress which aims at making Indians free at home and abroad. So long as we are serfs in our own country we will be treated as serfs and untouchables abroad.

Another important administrative branch which is under the control of the Department of Education, Health and Lands is the Epigraphical branch. The policy of Government in recruiting officers for this Department does not seem to be conducive to its efficient administration. Officers who have no working knowledge of Dravidian languages, in addition to Sanskrit and Pali, are appointed to important administrative posts in this Department. The House may perhaps be aware that most of the inscriptions are in South India and a few in North India. The Government will, therefore, be well advised in placing the entire branch of Epigraphy under the control of an experienced officer who has done work both in South Indian and North Indian epigraphy. In any case, it is advisable for Government now to separate the two branches of epigraphy and entrust South Indian epigraphy to an officer who is competent to deal with it, as the present epigraphist is not at all conversant with this branch of the subject. In this connection, another important fact has to be brought to the notice of Government. A very large number of South Indian inscriptions, collected in the Madras Presidency, remain yet to be published and there are considerable additions made to these every year. Recently the department has undertaken to collect and publish the inscriptions of Karnataka districts of the Bombay presidency. It is understood that even before this

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extra work was undertaken, there were three officers excluding the Government Epigraphist in the epigraphical branch who were meant to collect and publish the South Indian inscriptions. But in recent years the Government have been adopting a policy of retrenchment in the appointment of officers competent to deal with this branch of epigraphy. Of late they have been recruiting officers conversant with North Indian epigraphy only very much to the detriment of work connected with South Indian inscriptions of which there are several thousands to be published not to speak of the very large number of them yet to be collected and studied for publication. The Government have undertaken to expedite the collection and publication of the Bombay Karnatak inscriptions, but they have failed to implement their undertaking by making adequate provision of staff for the purpose. It looks as if the Government and the Department do not attach sufficient importance to Dravidian epigraphy which really constitutes the main bulk of the epigraphical material of the country. The Government will do well to take early steps to remedy these defects and re-organise the department so as to facilitate the progress of South Indian epigraphy.

Another important point is the question of the location of the headquarters of the Government epigraphist. It is not understood why his office should be located at Ootacamund unless it be that a former officer of the department had a house to be occupied by this department in Ootacamund. The Government have recently effected the transfer of the headquarters of the Archæological Superintendent's office from Kotagiri to Madras. On similar considerations, it must be argued that Ootacamund has no special charms or facilities to be retained as the headquarters of the Epigraphist. It is admitted that this officer has to be in constant touch with the Director General of Archaeology who is the head of the department. Also most of his tours lie in North India. His publications are printed at the Government Press in Calcutta. In the interest of administrative efficiency and economy in travelling and other expenses of this officer and his assistant, the Government will be well advised in transferring the headquarters of this office to Delhi and clubbing it with the Director of Archæology. In any case there is hardly any justification for keeping this office at Ootacamund. In recent years, the policy of the Central and Provincial Governments has been to transfer most of their offices, as for instance the office of the Inspector General of Prisons, from the Nilgiris to the plains and advisedly also to places where they will be centrally located and administratively more advantageously situated.

Another allied subject on which I should like to make a brief reference is Archaeology. The House is aware that India had a hoary past and a very ancient civilization. For lack of authentic recorded history, we knew very little of our ancient civilization. But thanks to the efforts, though small, of the Archæological department very valuable finds have been unearthed in the course of the past few years which give us an insight into the wonderful civilization which India had in the past ages. Several finds have already been unearthed, and there are many more especially in South India which require to be brought to light. Owing to paucity of funds, this work is not undertaken as energetically as one would like. I would like the Government to pay special attention to the question of unearthing the archæological monuments in South India

which are buried underneath. I have already drawn the attention of Government by interpellations as to the necessity of preserving these archaeological finds in India. We have often heard how valuable finds have been taken away to foreign countries and kept in their museum. I would once again impress upon the Government that they should guard against such vandalism. The Government have been permitting foreign Archaeological experts to excavate and carry away valuable finds. The Government must put a stop to this practice following the example of other countries. The Government should provide sufficient funds for the department and get Indians trained in this branch of knowledge. The Government should not treat this Department in a step-motherly fashion.

Before I take up the Finance Department I should like to make a brief reference to the Legislative Department. I am sorry that though this department is presided over by an able Indian Member, yet unfortunately he has not been giving proper advice to Government in the interest of Indians. One of the most glaring instances of how popular interests have been sacrificed is the way in which the power of interpellation of Members of this Assembly and the right to move adjournment motions has been curtailed against the unanimous opposition of all elected members in this Assembly. The wanton curtailment of the liberty of Members in the matter of interpellation is heightened by the fact that the proposal was rushed through the House in the absence of a large body of elected Members from this Assembly owing to their pre-occupation in the elections. The Government, in order to cause the greatest inconvenience and annoyance to the elected Members, commenced this Budget Session at a time when most of the Members could not be present in Delhi without detriment to their legitimate interest in the provincial elections. I had hoped that an Indian Law Member would have served the interests of the country better, but I am sorry to say that I was disappointed in my hopes.

Now, I shall deal with the Finance Department. Somehow the Finance Member has created the impression among the public that he is here to safeguard the interest of England much more than that of India. Either in shaping the tariff policy or in the matter of filling up posts in India, he thinks first and foremost of his own countrymen. It would be interesting to collect a statistics of foreign experts who have been brought to India after the advent of the Finance Member. The Finance Member has been responsible for the abolition of protection granted to Indian industries. So far as England is concerned, he believes in the theory of protection, and so far as India is concerned, it must be one of free trade. I have many grievances against the Finance Department, but I shall content myself with referring to a few of them. First of all, the present Finance Member has been largely responsible for the abrogation of the Gandhi-Irwin Pact, so far as manufacture of salt in the coastal districts is concerned. The poor villagers are not only punished for so-called infringement of the law, but their rights are withdrawn. Thus they are subject to double punishment. The salt administration in my province of Madras is very unsatisfactory. I can claim to have first hand knowledge of the conditions prevailing in the salt factories in Madras. Corruption and bribery is rampant in the department to a very marked degree. The subordinate officers of the department and sometimes even high placed officials are parties to this corruption. There is a regular

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tariff of bribes. From the commencement of the manufacture of salt till the time when it leaves the factory premises, corruption prevails from Tuticorin to Honpada, the same tale of woe is heard from the licensee. Even the newly started factories in Ennore, etc. are not exempt from it. If the Honourable Member likes, I can supply him with a schedule of rates of *mamools* at different stages of manufacture of salt. I would suggest that a committee of officials and non-officials be appointed to go into this question of corruption prevailing in Madras. I submit no reforms in Salt administration will be complete unless the Salt Act is revised. This Act is a superannuated Act framed in the eighties and needs amending at an early date.

Since the advent of the Honourable Sir James Grigg, he has dealt one of the greatest blows to an important industry in my province, namely, the tanning industry. With the abolition of the export duty on skins and hides, the tanning industry in Madras has been crippled. I would suggest that the Government should re-impose the export duty on skins and hides. Or in the alternative they could at least levy an import duty on leather goods imported from abroad into India, and this will give some sort of protection to the tanning industry in Madras, as well as stimulate production of leather goods.

The income-tax law in this country is not administered with due regard to the interests of assesseees. Losses incurred in previous years are not allowed to be carried forward as in England. One of the greatest losses to the Indian exchequer is the absence of levy of income-tax on incomes paid out of the country from Indian revenues. In this way, a large number of retired civil servants and those who go out of India on leave or any other business escape levy of income-tax. They derive their income from Indian revenues.

The Government have not taken any steps to solve middle class unemployment which is becoming more and more acute every day.

One word about the petroleum duty. It is said that the duty on petroleum is only a revenue duty. If that were the case, why this difference in the rate of duty? The B. O. C. doing business in Burma oil as well as foreign oils is taxed at Re. 0-2-9½ per gallon while the Indian companies doing business in foreign petroleum are charged at Re. 0-8-9 per gallon. This involves a great loss to Government without any corresponding benefit to the consumer. Government revenue is adversely affected to the extent of about Rs. 75,00,000. It is necessary that this revenue duty should be equalised so that there may be healthy competition. Next to salt, kerosene is a commodity that is needed by all classes of people, and it is up to us to see that it is available to the masses as cheaply as possible. Liquid fuel also must be made available at cheap rates for agricultural purposes. This Government will neither care for the interest of the consumer nor for the loss in revenue, if only it benefits the European company.

In conclusion, I desire to suggest that the duty on salt should be entirely abolished, two pice postcards should be introduced. Export duty on hides and skins should be reintroduced. The export duty on rice exported from India should be abolished, and the import duty on broken rice should be continued, and in addition import duty on paddy and whole

rice should be levied. With a view to helping the poor villagers, the Gandhi-Irwin Pact should be revived especially with regard to manufacture of salt for personal consumption.

Unless the changes suggested by me are made, I can be no party to voting supplies to this Government.

**Sir H. P. Mody** (Bombay Millowners' Association: Indian Commerce): Sir, I have remarked on a previous occasion on the circumstance that the Finance Member has generally a very limited field of operations in which to work. He can either increase a duty here, or decrease a duty there, put on a brick or two on the tariff wall or take a brick or two off it. It is perfectly true that even within those limitations a Finance Member can do a great deal of harm or good; and the canon which I would like to apply to a budget is that it must be one whose sins of commission can be extenuated and whose sins of omission can be explained away. Of course, the Finance Member, can always follow the method which is being pursued in some of the Chinese provinces. I am being credibly informed, by one who knows first-hand, that the Governors of these provinces have already levied taxation up to 1957. (Laughter.) Well, some day when we are obliged to resort to this device it may be possible for my Honourable friends on this side of the House to do away with the salt tax, to do away with every kind of taxation and be rolling in surpluses.

Sir, there is nothing very remarkable about this budget except that for the first time the shadow of federation is hanging over it. My Honourable friend, the Finance Member, has already made provision for a few items which will have to be clearly demarcated when federation comes into existence. He has put into separate categories the corporation tax and the excise duties. He has done away with the provincial loan funds and for the first time a new item has been added, namely, payments to the Crown representative. Barring that, I submit, there is nothing very noteworthy about the budget, except of course one or two controversial points which will presently come up for discussion. One really satisfactory feature of the budget is that the Finance Member appears to have taken, in spite of adverse factors, a rather rosy view of the situation. There is a note of optimism running throughout his budget statement, and to the extent to which our credit and our revenue position are sound and can challenge comparison with the position of many other countries in the world, his optimism is fully justified. I would like, however, to remind him of one patent fact and that is that the economic condition of the country is by no means in keeping with its budgetary position. Last year, I gave a great many figures in support of my contention. I agree that those figures are not too dependable, but in the absence of reliable statistics, we are bound to fall back upon whatever figures have been published by independent observers, and in any case even if these figures are considerably out, they serve to emphasise the enormous difference between the economic position of the Indian as compared to the people of other countries. I will read two sets of figures on the present occasion. The *per capita* industrial production in India is only estimated to be Rs. 20, while in Japan it is 158, in the United Kingdom 410, in Canada 470 and in the United States 720. The *per capita* savings in bank deposits are: in India 2; in Japan 90; in France 125; in the United Kingdom 270. The question that confronts all of us is, how is wealth to be

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created? How is production to be speeded up and new sources of economic recovery discovered? My friends, the Socialists, have a plan of their own: I do not want to say anything about that plan, except this, that at the very best it contemplates merely the redistribution of wealth. I am not going to argue against that, I am merely saying that it is not a plan for the creation of more resources, and therefore the question arises how is wealth to be created? My submission is that industrialisation is the only possible means of creating more wealth. Last year I quoted the testimony of Prof. Gregory, whose authority cannot be challenged, to the effect that so far as India is concerned, the only possible means of improving its economic position was a more rapid industrialisation. I am not suggesting for a moment that agriculture is to be relegated to the background, or that its importance to Indian economy is not very great. All those who are engaged in industrial production recognise the fundamental position that it is on the economic well being of the masses alone that the well being of industries depends. That position is not being challenged. My Honourable friend, the Finance Member, has, I know, certain views on the subject. I do not credit him with harbouring any particular hostility towards industrialisation; but I certainly do think that he is somewhat indifferent or sceptical about the value of industrialisation to this country. Let me quote to him the testimony of his own colleague, Sir Frank Noyce:

"The real arguments for industrialisation in India are that the consequent diversification will render the economic life of the country less precarious than if it depends upon agriculture alone, that the capital of the country will be made more mobile by opportunities of industrial investment, that a higher standard of life in industrial centres will exert some influence in gradually raising the standard of life in the country and in breaking down the innate conservatism of Indian labour, and lastly, that industrial enterprise will have the effect of quickening initiative and practical intelligence and thereby contributing certain new elements to the national character."

Weight for weight, more importance has to be attached to the testimony of my Honourable friend, Sir Frank Noyce, or to use the dialectical device which is so popular with my Honourable friend the Finance Member, Sir Frank Noyce and Sir James Grigg cancel each other out!

**The Honourable Sir James Grigg:** I agree with every word of what he says.

**Sir H. P. Mody:** Then, we are not going to quarrel about it. But there is another aspect of this matter which has not received sufficient notice and that is, that paragraph of the Indian Fiscal Commission's Report where it talks of the importance of industrialisation to the national character, and it is necessary for me, in spite of what my Honourable friend has just now said, to quote it:

"Finally, one of the most important results that may be anticipated from a development of industries in India is one that cannot be measured in terms of money. A country industrially developed tends to suffer from a certain intellectual deadness; the outlets for a diversity of talents are few: those who may have shone in a wider sphere have their energies and minds cramped into the mould of uniformity. It is hardly too much to say that a certain measure of industrial life and opportunity is an essential condition for building up a vigorous national character."

Now, my Honourable friend says that he did not differ at all from the view point of his colleague, Sir Frank Noyce. I will remind him of what he said on a previous occasion in answer to the plea for industrialisation

and protection that I put up. He said—and I appreciate the joke as well as any one else—that what I was wanting was more and more protection after less and less inquiry and for longer and longer periods. Sir, taking the earliest opportunity of retorting to it, I said in my speech to the Employers' Federation of India at the last annual meeting, that I hoped the Finance Member did not mean that he wanted less and less protection after longer and longer inquiry and for shorter and shorter periods (Laughter), or, looking at the matter from another aspect, more and more imports, lesser and lesser production, greater and greater unemployment

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): That is exactly what he wants.

**Sir H. P. Mody:** I do not think he wants that exactly; he has not made up his mind yet. I am pleading, as I have always done, for a more liberal protectionist policy. It is my firm conviction that the Fiscal Commission's Report, while it is of outstanding importance and shows in every paragraph signs of great care and ability having been devoted to the subject, has gone out of date, and it is necessary that a new orientation of policy should take place. Even as the report stands, I am afraid that it is not being liberally interpreted. Different Tariff Boards have interpreted the three canons laid down by the Fiscal Commission differently. Some have regarded the absence of raw materials as being fatal, some have regarded a high measure of protection if required by an industry as fatal; and I say that the time has arrived for a clarification of those principles. I shall give one or two examples of what can be done. In the matter of the glass industry, for example, the Tariff Board, and the Government agreeing with the Tariff Board, held that the fact that soda ash was not being manufactured in this country was a fatal defect, and Government held that the industry was not entitled to protection.

Now, Sir, what are the facts? After all, soda ash constitutes less than 20 per cent. altogether of the total cost of manufacture of glass in this country, and even if the raw material was in our own borders, you could not have it for nothing. In other words, the only handicap which I can see, so far as the raw material for glass industry is concerned, is that probably, three, four or five per cent. has to be paid by way of freight upon imported soda ash. Sir, I submit that the case of the glass industry requires to be sympathetically considered.

Then, take the case of the cinema industry. This is a growing industry of considerable importance. It may be that there is no question of protecting the industry in the ordinary sense of the word, but Government can do a great deal by giving rebates on the duties on raw films, by giving concessions in the matter of railway freights and the like, to help its upward growth. Sir, my friend, Mr. Satyamurti, the other day, in his speech, put forward the argument that small industries rather than big now required the paternal care of the Government and the Legislature, and that it was in the direction of the smaller industries that Indian advance should be made. He put it forward as if we were going to disagree with him. Not one bit. As a matter of fact, if my friend, Mr. Satyamurti had taken the care to look up my own past speeches, he would have found that this is a clear case of great minds thinking alike (Laughter),—with just this difference (*Some Honourable Members:* "Oh, Oh"),—with great

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respect to my friend over there, that in many cases I do the thinking first (Laughter) and my friend follows later. Sir, it has been my theme for a considerable time that not enough is being done for the smaller industries, and that if you are going to sit tight and apply to them the principles laid down in the Fiscal Commission's Report, you will never be able to help them substantially. I am not unaware of the additions to the duty which were made in respect of a number of articles two or three years ago. I say that that policy ought to be vigorously pursued. It is impossible that smaller industries can grow up with the want of capital and of enterprise that there is in this country without an aggressive policy of fostering them in the interests of the nation.

Another thing to which I should like to draw the attention of the Government once again is that the machinery is now getting very antiquated. I want a permanent Tariff Board staffed by people who are above temptation, handsomely remunerated, thoroughly independent and who can apply their minds to the day to day problems which are raised by the demands of the various industries for protection or which may be involved in the fixation of our customs duties . . . .

**An Honourable Member:** Thoroughly patriotic?

**Sir H. P. Mody:** I hope so.

**An Honourable Member:** How can handsome remuneration and thorough patriotism go together?

**Sir H. P. Mody:** I hope they do go together occasionally.

I was saying, Sir, that something on the lines of the Import Duties Advisory Committee ought to be instituted in this country. In the course of only four years, that Committee has gone from strength to strength, and has now under its control imports amounting to three-fourths of a total of seven hundred million pounds. The Committee was created for the purpose of giving advice and assistance to the Treasury in connection with its functions with regard to customs duties. The Committee was to have regard to the advisability in the national interest of reducing imports into the United Kingdom and the interests generally of trade and industry in the United Kingdom. Now, Sir, only the other day, I was looking up a Report of the Committee, and the following items have been just picked out by me at random as illustrating the reasons which actuated the Import Duties Advisory Committee to take action in appropriate cases:

"To consolidate the progress of a small Home industry;"

"To assist British manufactures to compete on an economic basis in the Home market;"

"British industry handicapped in the Home market by foreign sales below cost of production;"

"Foreign imports rising in spite of a duty of 80 per cent."

"British industry fully capable of meeting increasing demands."

Here are a variety of reasons which impel the Import Duties Advisory Committee to move from time to time and to take appropriate action either for the protection of the Home industry or for the purpose of stimulating revenue. I submit there is a clear case for the appointment of a Committee on these lines. The present Tariff Board, with great respect to its personnel, is ineffective from its very constitution. It deliberates for months, it submits a Report after another few months; then Government takes a few months more to consider its Report, and then it is placed before the Legislature. All these things take time, a year, sometimes 2 years, and I say that Indian industrialisation can never proceed apace if the Committee on whom you rely for the purpose of making investigation cannot possibly deal with a number of items with any degree of expedition.

There is another thing on which I want some enlightenment from my Honourable friend the Finance Member. In the Federal Legislative List Item No. 34, Development of Industries, says "where development of industries under federal control is declared by federal law to be expedient in the public interest," . . . . Now, Sir, I want to know from the Government of India whether they have applied their minds to it, and whether they are going to declare at an early date what subjects are to be treated as federal for the purpose of development of industries. That constitutional position confronts us today, and I would like the Government of India to give it early consideration.

Another thing which, I think, is of equal importance is,—and that is an observation which I am addressing to my Honourable friend. Sir Frank Noyce,—what steps are going to be taken, now that provincial autonomy is an accomplished fact, with regard to the co-ordination of labour legislation. Already in some provinces, judging from certain programmes which have been put forward before the public, various legislative measures are being foreshadowed. It may well happen in certain provinces labour legislation may be of a very drastic character; in other provinces it may be of a liberal character. There will be provincial jealousies enough, I am afraid, under provincial autonomy; you surely do not want that there should be rivalry also in the matter of labour legislation. The idea to which I am referring is one of establishing a Central Industrial Council. I recognise the difficulties in the way of its functioning, but all that I want to say is that the time has arrived for the Government to deliberate upon this question of fundamental importance.

I want the Government of India to consider the establishment of another Department,—I want a Department of Overseas trade. At long last after a great deal of questioning in this House and pressure from non-official Members, two or three Trade Commissioners have been added to the exiguous list of Indian Trade Commissioners overseas. In view of the complexity of international trade, in view of the fact that India has got to fight for her position, as every other country has to fight today, are 4, 5 or 6 Trade Commissioners adequate, I ask my friends opposite? Let me explain what the Department of Overseas Trade means in Great Britain. This Department was established after the War, and it is under the joint control of the Foreign Office and the Board of Trade. The Department is served by an extensive overseas intelligence system throughout the world. 16 Trade Commissioners are stationed in the most important centres of the Empire and Trade Correspondents where there are no Trade Commissioners. 28 Commercial Councillors and Commercial Secretaries have been established in the more important foreign markets

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of the world, working in collaboration with the British Diplomatic Missions in foreign countries. The Department is assisted by an Advisory Committee of business men, and works in close connection with commercial organisations. It is a valuable means of co-operation between the British Government and British manufacturers and traders. Sir, I submit that the time has arrived for the consideration of a question of this character. The Commerce Department of the Government of India and the Finance Department are not incompetent to deal with such matters, but their machinery is hopelessly inadequate for the purpose of dealing with international problems which have grown in complexity and difficulty in the last few years; and unless you have a department to look after the trade and industries of this country, and to stimulate the off-take of the raw materials of this country by means of trade delegations, trade commissioners and commercial secretaries, the time will soon arrive when in the mad scramble that is going on the interests of India will be pushed backward. I grant that the present position is a happy one, and India has got a favourable balance of trade of a very substantial character even of merchandise. But that position is not likely to continue, and you cannot trust merely to luck and say that nothing need be done.

Another thing that requires attention also—I hope my Honourable friends will see that I am only dealing with large questions of policy and refusing to deal with details—another question is the revision of trade treaties. From a list which was supplied to me by the courtesy of the Secretary in the Commerce Department I find that there are as many as 44 countries with whom we have trade relations, which means that there are 44 countries to whom we are bound to apply the most favoured nation treatment clause. Many of these treaties are thoroughly antiquated. I have an impression derived from a study of three or four years ago, that the treaty with the United States is well over a century old. I do not know what object a century old treaty is achieving in the economy of the present day. The question that I would like to raise is whether the Government of India are going to take into consideration the question of the revision of these treaties wherever a revision is possible. I recognise the difficulties with many countries with whom we have a favourable balance of trade, I recognise, but surely, that does not apply to as many as 44 countries, and I say that the time has arrived for somebody to delve into the archives of the Secretariat, and fish out these treaties, provided they are in existence somewhere . . . . (An Honourable Member: "They will have been eaten by moths.")—if so I do not think it will matter much to us,—and apply their minds to it. The position arising from having these trade agreements is that we are bound to apply the most favoured nation clause to these countries. In these days of bilateral agreements the most favoured nation treatment clause operates as a handicap. Many ingenious devices have been employed for getting round it. One device that was employed was rather ingenious. A particular country wanted to import Swiss milk free of duty, and it could not do so without making the imports from other countries also free of duty. What did it do? It created a different category: "Milk produced from cows grazing at an altitude of 10,000 feet." (Laughter.) (An Honourable Member: "Which is the country?") I would rather not name it. (Another Honourable Member: "I suppose it is English.") The English people are ingenious, but I do not know whether they are equal to such

a device! This must be a foreign country. (*An Honourable Member*: "Is England your country?") (Laughter.) It is not foreign any way. What is the use of most favoured nation treatment, so far as India is concerned, when in the case of Italy, Germany, Iran, Turkey and a great many other countries exchange regulations, quotas and the like are enforced? By these means the most favoured nation treatment clause is being defeated, and the time has arrived for a revision of our treaties. Before I leave this subject, I would like to give the opinion of the Federation of British Industries. It says:

"In view of the importance of the British market, the grant of most favoured nation treatment should not be included more or less automatically in any treaties with foreign countries, but should be regarded as a most valuable concession, requiring an adequate and substantial *quid pro quo*."

Sir, my contention all along is that we are living in a world which may be regarded as an entirely different sphere from what it was when this century took birth. In the course of the last twenty years, enormous political and economic changes have taken place which have changed every country out of recognition more or less. Quotas, exchange regulations and restrictions, and the like, are holding the field. We are going back not only to the middle ages, but to the ancient world by the system of barter which has been introduced in many western countries. This method, I may incidentally say, has even penetrated the field of warfare, and I am informed that recently a Mexican General who was a prisoner of war was exchanged for a dozen tins of condensed milk. (Laughter.) Sir, we are living in such a chaotic world, and if the Government of India think that by the pursuit of methods which have grown out of date, by the maintenance of departments which on account of the pressure of work put upon them and the added responsibilities which they have now got have become inadequate for the purpose,—if the Government of India think that by the pursuit of these methods they can advance India's trade and industrial interests, I submit that they are greatly mistaken. What is wanted is a more energetic policy so that India can hold a place more in consonance with the vast mineral and material resources that she possesses in the markets of the world. And, Sir, from that point of view, I earnestly ask my Honourable friends on the other side to apply their minds to these vital problems, and to come to decisions which are calculated to promote the highest interests of this country.

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): **Mr. President**, it is for the last time that the general debate on the Finance Bill would cover a vast area of subjects. With the introduction of Provincial Autonomy, on the 1st of April next, the scope of activities of this Assembly would be curtailed and its jurisdiction would be limited. Delhi would be seriously affected by this change in the administration of the provinces of India. Although Delhi carries with it the great distinction of being the Capital of the vast Indian Empire, the people of Delhi are the worst sufferers in this country. They do not enjoy any rights or privileges belonging to the metropolis of the Empire. They have no particular lien or right for services in any of the provinces of India. Even today the educated youth of Delhi finds it very difficult to find employment in other parts of the country and with the introduction of provincial autonomy, I am afraid that, the people of Delhi will be rejected by all the provinces for want of having residential qualifications.

[Sir Muhammad Yakub.]

The whole judiciary of Delhi is derived from the Punjab where the language of the people, the customs, the culture and the traditions are quite different from those of the people of this great City. These people come here as birds of passage and they have no sympathy with or genial interest in the inhabitants of the City. Only the other day, a barrister friend of mine told me that he wanted to visit his client in the jail in order to take instructions from him, and when he went to the jail, he found that there was not a single man among the staff of the jail who could speak any language except Panjabi, and this friend of mine was not intelligible to any of them, and he had to return without consulting his client. Now, Sir, while the educated people of other provinces can rise to the highest posts available in this country, they become Members of the Executive Council, Judges of the High Courts and even Governors of Provinces, the people of Delhi have got no such chance. After a very long time, for the first time recently an exception has been made only to prove the rule. A distinguished advocate and a worthy citizen of Delhi, Sir Abdul Rahman, has been appointed a Judge of the Madras High Court.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): He is an advocate of the Lahore High Court.

**Sir Muhammad Yakub:** This is what I am complaining against. He was an advocate of the Lahore High Court but he has been deported to Madras in order to get a judgeship of the High Court, although recently there were some vacancies in the Lahore High Court itself. This is the grievance of the people of Delhi that although they have been annexed to the Punjab, they do not get proper treatment from the Government of the Punjab and they are looked upon as aliens. The late Sir Syed Ahmad Khan, when he wrote the history of the Mutiny, said that one of the punishments inflicted on Delhi was that it was separated from the U. P. and annexed to the Punjab, and I think that grievance proves to be true to this day.

Then, Sir, in the matter of political activities also, we find that the people of Delhi have got no sphere to satisfy their aspirations. We have got only one single Member from Delhi in this Legislative Assembly and there is none in the Council of State. While from each province we have one nominated non-official Member both in the Legislative Assembly and the Council of State, the metropolis of India has been deprived of that privilege as well. The people of Delhi have got really genuine reasons for resentment. The resentment is very wide and deep and I hope that the Government of India will see that the people of Delhi do not suffer on account of its being the capital of India.

Mr. President, the unemployment of educated youth is the chief source of menace to this country. Communist societies and other terrorist associations are flourishing on account of the unemployment of educated classes in India. It is more than two years that His Excellency Lord Willingdon announced on the floor of the House that the Government of India wanted to overhaul the whole system of education in this country. Soon after that, a committee was appointed in my province presided over by that worthy citizen of the United Provinces,

the Rt. Honourable Sir T. B. Sapru. It is about two years since the report of this committee was published but nothing has yet been done. The red-tape system of the Government of India is so awful that no practical step has yet been taken on that report.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): That report was a provincial report. The committee was appointed by the United Provinces Government and reported to that Government.

**Sir Muhammad Yakub:** I know that it was a provincial committee but I believe that the Government of India, and the Members of the Government of India, have, in several of their reports and speeches, referred to that report as a piece of effort on their part in order to solve the problem of unemployment; and if it is not so, the position is still worse.

**The Honourable Sir Frank Noyce:** Will my Honourable friend kindly tell the House what the United Provinces Government, which is primarily concerned, has done. If he does that, then the House would be in a position to judge how far the Government of India are guilty of negligence.

**Sir Muhammad Yakub:** According to the present constitution of India, the provinces are tied down to instructions from the Central Government and I think it would be very difficult for any Provincial Government to make a move without getting their instructions from the Government of India. What I said was that really the Provincial Governments are not to blame. The U. P. Government is not to blame for their inaction but the red-tape system of the Government of India, where each and every report from the provinces is scrutinised in order to justify the existence of this huge secretariat which sits in the huge building on my right. If this was a provincial committee and if the Government of India had nothing to do with it, then the position is still worse. The representative of His Majesty the King Emperor on the floor of this House makes a solemn announcement, on behalf of the Government, that the whole system of education will be overhauled and scrutinised. Two years have passed and nothing has been done and if you brush aside the Sapru Committee, I would like the Government of India to tell me what other step they have taken and whether the announcement of the Viceroy has any value or not. What are the measures they have adopted to solve this problem of unemployment. The recent successes of the Congress in the provincial elections must be an eye opener to the Government of India and they must realise that the majority community in the country is up in arms against the present system of administration in India. Unless prompt and radical measures are adopted immediately, I am afraid that the position in the country would become untenable. What I suggest is that all these big universities, which produce thousands of graduates every year, like quinine pills, should be transformed into industrial institutes and the law colleges, which are the chief nursery for the communists, should be turned into business concerns if the British Government want to keep their flag flying in this country for some years more. There can be no doubt that the present Viceroy has

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placed his finger on the right-cord. He has diverted his attention towards the amelioration of the condition of the agriculturists and to improving the methods of agriculture (*An Honourable Member*: "Only stud bulls"), but then the machinery which is exhibited, and the methods which are demonstrated, are so expensive that they are out of the reach of the agriculturists in the country and out of the pale of practical politics. What is really needed is that simpler and cheaper methods of agriculture should be placed before the agriculturists of this country. Then, Sir, the amount, which is set apart for village uplift work, is very small, and I am sure that only a very small portion of that amount reaches the poor villager himself. The whole thing is spent in making exhibitions and shows. (Hear, hear.) Sir, it has now become the fashion for the Governors of Provinces, when they are on tour, as heretofore they used to visit universities, municipalities and district boards, now since the last one year or so, since the new Viceroy assumed charge and the people came to know that His Excellency takes an interest in the subject of agriculture, every Governor is taken in procession to villages, and the villages are "white-washed", and some buntings are put on the thatched houses of the villagers. Now, I ask—do these exhibitions or does this whitewashing in any way really improve the condition of the agriculturist in this country? (Hear, hear.) Therefore, I submit that the money which is wasted in these exhibitions ought to be more usefully employed and some practical methods should be adopted in order to improve the condition of the agriculturist in this country. Sir, it is a matter of great regret that the Honourable the Finance Member has not been able to find any money this year for the improvement of agriculture and village uplift in his budget, and I hope that in future years, when the provinces become autonomous, they will be in a better position to look in to this fundamental part of their duties.

Mr. President, the Federation of the Indian Princes with the people in British India has from the very beginning been looked upon with suspicion by the people of British India (Hear, hear).—not because we are in any way hostile to our Indian Princes, not because we have no sympathy with the Indian Princes but because we think that a combination of autocracy with democracy is the most uncongenial and impractical combination that can ever be thought of. Then we also think that the bloc of the nominated "black" bureaucrats from the Indian States would be of a far more reactionary type than the white bureaucrat from the Government of India. Sir, an Englishman gets his education in a democratic country and in a free atmosphere, while these people who live in the stagnant atmosphere of the autocratic Indian States have no breadth of vision and their ideas are consequently very narrow, and therefore I think that this contemplated combination has been looked upon with great suspicion and disapproval by the people of British India. But since then we find that during the last few months there have been a series of conferences and secret committees of the ministers of the Indian States behind closed doors. We also find that the representatives of the Government of India have been in constant conference with the representatives of the Indian States behind our backs. Now the position is really becoming very alarming and we are afraid that our rights, our interests, and our liberty are being bartered

away in order to secure the acceptance by the Indian Princes of an all-India scheme and in order to get them to join the federation. Sir, I want the Government of India very seriously that if any final agreement is made with the Indian States behind our backs, and if any final decisions are arrived at with the Indian Princes without giving this House an opportunity of expressing its opinion, then I am sure the results would be very serious indeed. (Hear, hear.)

Mr. President, the political atmosphere of the country is beset with dark clouds of a vast upheaval. All the countries in Europe seem to be in a state of convulsion and the condition of affairs in Japan and China also shows that the position in the East also is not very satisfactory. A much greater and more disastrous war than the last Great War seems to be imminent, and India is sure to be the tallest oak when the storm breaks, with the possibility of external invasions and of internal commotions. Sir, I asked, in the beginning of this Session, certain questions from the Government of India as to what preparations they had made to meet this contingency. It is a pity that the Honourable the Defence Secretary is absent; he is not present in the House to give any reply to what I have got to say about it, and now the Government Whip is running to bring him in. Sir, this is the courtesy with which the Members of this House are treated. My point is that this debate on the Finance Bill is the only occasion which affords an opportunity to Members of this Honourable House to express their grievances on all subjects and I request you, Sir, that you would direct the Members of the Government that at least during this debate they all must show as much courtesy as to remain in their seats during the debate so that they may be able to give a reply to the points which we raise. Sir, what I wanted to submit was that Honourable the Defence Secretary's reply was only to this effect that the military secrets could not be divulged. Sir, I know that military secrets cannot be divulged, but can this reply be given to the Members of the House of Commons in England.

[At this stage, Mr. Tottenham, Defence Secretary, came into the Chamber and there were Cheers.]

Do we not find that the Minister for Defence in England, the Right Honourable Sir Samuel Hoare and other Cabinet Members have been explaining to the members in the House of Commons, in great detail, what preparations they are making in England to meet the contingency of a war? And not only in the House of Commons but we find that important Cabinet Ministers have availed themselves of every opportunity of making public speeches and taking the people of the country into their confidence and telling them what they are going to do. Sir, my special grievance is that the Government of India do not do the same; I do not deny that they do all that lies in their power to administer the country in the best way according to their lights. (An Honourable Member: "Do they?") But the point is that they do not take the people of this country into their confidence and that they do not satisfy the people by explaining the measures which they have taken.

**An Honourable Member:** They are all secret measures.

**Sir Muhammad Yakub:** [Of course, the measures are secret but the plans can never remain secret. We know that India has got no Navy and that our Air Force is very very small and inadequate and in the event of a great war India cannot depend for aid from the British Navy or the British Air Force. I submit that it is very urgent and very necessary that prompt steps should be taken to build up the Royal Navy of India and to equip the Indian Air Force according to the requirements of this great country, and I have now done

**Mr. N. M. Joshi** (Nominated Non-Officials): Mr. President, my Honourable friend, Sir Homi Mody, began by saying that the present budget of the Honourable the Finance Member was not a remarkable one. I propose to begin my speech with a statement that in the present budget there is nothing new. The budget which has been placed before us and the Finance Bill which has been introduced in the House are founded upon the old undemocratic principles and policies followed in the previous years. The policy of the Government of India is, in the first place, to spend disproportionately large amounts on productive services like the army.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): Unproductive services.

**Mr. N. M. Joshi:** Yes, unproductive services like the army. They spend less on those services which are likely to benefit the masses. They spend more on those services which are likely to benefit the wealthy classes. In the treatment of their employees, they show much greater favour to those employees who receive higher salaries and they give much less favourable treatment to those who belong to subordinate and inferior services. As regards the burden of taxation, they do not follow the sound principle of placing the burden according to the ability of the people to pay, but they place larger burden upon the poorer people in comparison with their ability to pay. I do not wish to deal at length with the expenditure of the Government of India. They spend about 50 crores of rupees on their defence. The question of the Indianization of the officered ranks and of the substitution of the British troops by the Indian troops was discussed only a few days ago at length. I would, therefore, content myself by touching on one point and that is the effect of separation from Burma upon our military budget.

It has been stated that on account of the separation the defence budget has been reduced by a crore and four lakhs. The Honourable Secretary of the Defence Department on Saturday made the statement that on account of the separation two battalions of the British troops, four battalions of the Indian troops and some units of the artillery have been reduced. I feel that the reduction in our expenditure and the reduction in the personnel should have been much larger on account of the separation.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

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

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

**Mr. N. M. Joshi:** Mr. Deputy President, when we adjourned for Lunch, I was saying that the reduction of expenditure as well as in personnel of our defence has not been adequate. It may be said that we are not experts in the matter of defence and therefore we must accept without question what has been decided by the experts. It is quite true that we are not experts in the art of fighting, but that does not prevent us to understand an explanation of why a larger reduction was not practicable. I feel that the Government of India should have submitted a detailed memorandum why a larger reduction both as regards money and as regards personnel was not practicable.

**Mr. G. R. F. Tottenham** (Defence Secretary): May I intervene to explain the position? At the present moment the Government of India maintain in Burma a certain establishment of troops, and with effect from 1st April 1937 when Burma will be separated from India, India is going to be relieved of the cost of maintaining these troops which are stationed in Burma at present. At the present moment Burma will take over the cost of them which means something over one crore. Am I to understand that the Honourable Member thinks that Burma after separation should pay something more for the maintenance of troops in India as well?

**Mr. N. M. Joshi:** I am not concerned with what the Burma Government should pay. What I am suggesting is that when we are relieved of the responsibility for the defence of Burma, there should have been a larger reduction both in our expenditure as well as in our personnel. After all Burma did not depend merely upon the troops quartered in Burma. Burma depended on the troops quartered in India also. I therefore feel that the Government of India should place this question before one of the Committees of the House either the Standing Finance Committee or the Public Accounts Committee and explain why a larger reduction is not practicable.

**Mr. G. R. F. Tottenham:** We could not make a larger reduction.

**Mr. N. M. Joshi:** Sir, if the Honourable the Defence Secretary feels that they could not, it is their duty to explain to one of the Committees and if the Committee reports that they are satisfied with the explanation given by the Defence Department the House will accept their decision. Besides the army, the Government of India spend on other unproductive departments, although those amounts are not much compared to what they spend on the army. I shall not deal with all these unproductive departments, but I shall only mention one, namely, the Ecclesiastical department. The Government of India are spending nearly 27 lakhs on the Ecclesiastical department. Whatever may have been the justification for the Government of India in maintaining an Ecclesiastical Department, that justification does not exist today. Moreover, the European element in our services is gradually going down, and it is, therefore, necessary that

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although the Government of India may not abolish the Ecclesiastical Department immediately, my own view is that they should abolish it immediately, even then there is a good case for reducing the expenditure on the Ecclesiastical Department. I should like the Government of India to place all these items of unproductive expenditure before a committee of the House. When I spoke during the general discussion on the budget, I had suggested that the details of our budget should be examined by a committee of this House. The Honourable the Finance Member was good enough to agree with the principle of the examination of details by a committee of this House.

**The Honourable Sir James Grigg:** Not the least. The Honourable Member is misrepresenting me. I suggested that the Estimates Committee should take one single block every year and examine it without any reference to the budget of the year.

**Mr. N. M. Joshi:** I never mentioned now that this committee should examine the details of the proposals in our budget with reference to the particular year's budget. I am suggesting that items like the Ecclesiastical department should be examined by a committee of this House. You may call it the estimates committee or, you may call it the Standing Finance Committee, the name is not of much great importance. The idea is that some of these unproductive items should be examined. I do not wish to spend any more time on the expenditure side of the budget. I am more interested in the Government of India's spending money very rightly and very wisely on what I may call social services, the services necessary for the improvement of the condition of the working classes in this country, for providing employment to them and for the general development of the country. Sir, my Honourable friend, Sir H. P. Mody, referred to the policy of protecting industries of this country and developing industries.

**Mr. M. Asaf Ali (Delhi: General):** Do you want a Standing Finance Committee for foreign affairs, they spend crores of rupees.

**Mr. N. M. Joshi:** I am now dealing with the development of the industries to which I shall confine myself at present. Mr. Deputy President, that in India there is not proper balance between agriculture and industry is admitted by Government themselves. It is necessary if there is to be a proper balance between agriculture and industry, that greater efforts should be made for bringing about that balance. The Government of India for some years have been following the policy of protecting certain industries by means of tariffs. I am not one of those Members of this House who would recommend to the Government of India a policy of what some Members were pleased to call indiscriminate protection. I believe that protection can be given to industries by means of tariffs, but we must remember that when we give protection to an industry by means of tariffs, we do throw a burden upon the consumers and the masses of the people in this country. We cannot forget that fact. Therefore I cannot approve of what some Members were pleased to call indiscriminate protection without any discrimination or without any enquiry.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): There has been no indiscriminate protection.

**Mr. N. M. Joshi:** The Government of India have been able to develop certain industries and maintain the existence of certain industries on account of their tariff policy. I agree with my Honourable friend, Sir H. P. Mody, in recommending to the Government of India an enquiry into the whole question again. The present tariff policy was based upon the report of the Fiscal Commission which was made more than 15 years ago. The world has now changed a good deal. New ideas regarding the development of industries have come into existence. Not only have new ideas come into existence but new plans for developing industries have been experimented upon in important countries like the United States and the Union of Soviet Socialist Republics. I would like the Government of India, therefore, to re-examine their policy of protecting the industries. What the Government of India are doing today is to give protection to an industry for a certain period of time. They do not take any steps to see that that protection will be used properly. For instance, they gave protection to the textile industry for some years, but they have taken no steps to see that the textile industry will be conducted on efficient lines and there will be a time when that industry will not require protection. Sir, my Honourable friend, Sir Frank Noyce, was the Chairman of a Tariff Board and he made some recommendations for the efficient management of the textile industry. He suggested a certain scheme of amalgamation and certain other things. The Government of India took no steps to see that those recommendations were given effect to. I, therefore, feel that this policy of giving protection for a certain period of years and afterwards take no steps at all to see that the industry is conducted efficiently is a wrong one. The Government of India may give protection for a certain period of years, five or seven years; but during this period the Government of India must keep a constant watch on that industry. I, therefore, agree with the suggestion made by my Honourable friend, Mr. Mathradass Vissanji, that when an industry is given protection, the Government of India should introduce a system of licensing. No factory should be allowed to be conducted in that protected industry unless it takes a license from Government, and the license should provide certain conditions on which the factory should be worked. Those conditions may be about the efficiency of the industry, in what manner the industry should be conducted. The license should also provide conditions as regards the treatment of labour. Sir, we know that the system of licensing has been introduced in certain industries in India. We should, therefore, not hesitate to introduce a system of licensing. If an industry is protected, no work or no factory shall be conducted under that industry without a license and the license should provide all the conditions necessary for the efficient management of that industry and for the protection of all the interests involved in that industry.

Sir, the Honourable the Finance Member the other day said in his budget speech that his excise duty on sugar is useful for weeding out the inefficient factories and inefficient concerns. Well, Sir, the method of weeding out inefficient concerns by means of an excise duty is a haphazard method. You may succeed in weeding out certain factories or certain concerns by means of your excise duty; but you cannot be quite sure,

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that you are closing down the factories that deserve to be closed. There may be some factories which may be inefficient, but which may become efficient if you lay down certain conditions on them. I, therefore, feel that this method of weeding out the inefficient by means of an excise duty is a very wrong one. Weeding out of the inefficient or making the inefficient efficient is absolutely necessary if the Government of India are going to give protection to an industry, but that should be done by means of a system of licensing. Moreover, Sir, the Government of India should in my view appoint inspectors for those industries which are protected. These inspectors should inspect the factories which are protected and see that these factories are conducted according to the conditions laid down in the license. It is only then that proper protection will be given to the industries and the time will come when an industry may cease to require protection. This idea of the Government insisting upon conditions is not a new one. In Great Britain the steel industry wanted protection. The Tariff Advisory Board or the Import Duty Advisory Board insisted that protection shall not be continued unless and until the steel industry in Great Britain put their house in order and organised themselves properly. If that can be done in Great Britain, I cannot understand why that cannot be done in India. I would like, therefore, that the Government of India should take steps that when they give protection to an industry that protection will become effective and after some period the protection will become unnecessary. Well, Sir, protection by means of tariffs is only one of the methods of protecting industries, and in my judgment that is not the best method of protecting industries. The Government of India should therefore devise other methods for protecting industries. There may be some industries which may be protected by subsidies, and subsidies are a much better method of protecting an industry than tariffs. The Government of India may also develop and encourage industries by means of their stores purchase policy. The Government of India have now started a Stores Department and by purchasing all their stores in India as far as possible they can certainly develop a number of industries. At present a complaint has been heard that many stores required for the Army Department, some of the stores required for the Railway Department, are not still purchased in India, although there should be no real difficulty in manufacturing and getting those stores in India. What I would suggest in this matter is that this question of the purchase of stores should be examined by a committee of this House every year. The Government of India should make a report when they purchase stores in outside countries and that report should be considered by a committee of this House. The Government of India, whenever they make purchases outside the country, should convince the committee why those purchases could not be made in India and why purchases outside were absolutely necessary. If the Government of India help industries by means of subsidies and by means of their stores purchase policy, there is a great scope for the development of industries in this country. Sir, my Honourable friend, Sir Hormusji Mody, while referring to the question of the development of industries stated that the socialists have no policy as regards the development of industries. I do not wish to make a speech telling him what the socialist method of developing industries is, but it is not true to say that the socialists are only interested in the proper distribution of the products of industry.

We are certainly interested in the proper distribution of the wealth created, but we have brains enough to understand that if wealth is not created wealth cannot be distributed.

**An Honourable Member:** Are you a Socialist?

**Mr. N. M. Joshi:** Yes, I am a Socialist. Sir, I, therefore, feel that it is wrong to believe that those people who call themselves Socialists are not in favour of the development of industries. As a matter of fact, we are more anxious for the development of industries than some of those people who call themselves industrialists.

Then, Sir, my Honourable friend, Sir Hormusji Mody, was good enough to refer to the question of the co-ordination of labour legislation. He recommended to the Honourable Member in charge of Industries the establishment of an Industrial Council which was recommended by the Royal Commission on Indian Labour. Sir, what labour legislation the Indian working classes require today is legislation regarding social insurance; and as I have spoken on that subject only a few days ago, I shall not make a long speech on this question. But, Sir, I should like to say on the point started by Sir Hormusji Mody that this question of social insurance is pre-eminently a question that can be taken up by the Central Government. My Honourable friend, Sir Frank Noyce, the other day, said that the money for social insurance must be spent by the Provincial Governments. Let the Provincial Governments spend money if they are willing. I am not against it; but it is putting a wrong interpretation on the present Government of India Act or on the future Government of India Act to say that no money can be spent by the Central Government on a scheme of social insurance. As a matter of fact, if the Government of India can spend crores of rupees on rural development, I cannot understand why they cannot spend money on social insurance. Rural Development is a provincial subject entirely; even rural legislation is a provincial subject. . . . .

**The Honourable Sir Frank Noyce:** In my speech I was referring to the future Constitution: my Honourable friend is now talking of the present Constitution.

**Mr. N. M. Joshi:** I also stated that the Honourable Member's interpretation of the future constitution is wrong, if he thinks that the future Federal Government cannot spend money on a scheme of social insurance. Moreover, the experience of the whole world shows that schemes of social insurance cannot be properly and adequately established by Provincial Governments. The United States of America tried the experiment of establishing schemes of social insurance by different states. The United States failed and President Roosevelt has to change the constitution in order to establish a proper scheme of unemployment insurance. Canada's experience is the same, and it is, therefore, wrong for India, after having had the experience of the United States, Canada and several countries of the world, to say that a scheme of social insurance cannot be undertaken by the Central Government and that it should be left to the Provincial Governments.

I wish now to say a few words about the Postal Department. We all know that when the great depression came the Government of India started a policy of raising the postal rates and reducing the postal facilities. I feel that this policy is wrong. The Government of India claim that the Postal

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Department is managed on commercial lines. I would like to know from any industrialist whether he will in a time of depression raise the prices of his goods. If, during a period of depression, he raises the prices of his goods, his goods will sell less and less and not more and more. Similarly, what a good industrialist in a period of depression does is to reduce the prices of his goods and extend his market. That is the proper method of securing prosperity for your department during a period of depression. The policy followed by the Government of India is quite the contrary. They raise the prices of their goods, the postal services, and reduce the facilities given to the people. I feel the Government of India should now reverse their policy, both as regards rates and the provision of postal facilities. You know, Sir, that the Postal Department is a Government monopoly. If any private people try to do postal work, those people will be prosecuted. I am not against Government monopoly at all; in a matter like the post office, it should be a Government monopoly. But if Government are going to make a monopoly of the work of the Postal Department, it is the duty of the Government to universalise the services of the Department. You have no right to tell people that they shall not do the postal work and also not provide facilities for the postal work. It is wrong, unfair, and I may even say, immoral, to create a monopoly and not provide service. What is the present state of things as regards the provision of postal services? From the last year's report, we find that the Government of India maintain 4,700 post offices in urban areas and 18,900 in rural areas: they also maintain 18,000 letter boxes in urban areas and 40,000 letter boxes in rural areas: in all, the Government of India maintains 18,900 post offices and 40,000 letter boxes in rural areas. The total is about 59,000, postal facilities or postal units in the rural areas. Now, you know that in India there are nearly 7,00,000 villages. I am not suggesting today that the Government of India can immediately provide for a post office or a letter box to all the 7,00,000 villages. . . . .

**An Honourable Member:** Why not?

**Mr. N. M. Joshi:** There is no reason why it should not do it; but I am not suggesting it, being a moderate. I am only suggesting that they should immediately take in hand the extension of postal facilities to a larger rural area. In India there are about 71,000 villages which have a population from 1,000 to 5,000—towns and villages. We have postal units, consisting of letter boxes or post offices, to the extent of a total of 59,000. This means that there are at least 21,000 villages with a population of 1,000 and over which have not got even a letter box . . . . .

**Mr. G. V. Bewoor** (Director General of Posts and Telegraphs): 11,000.

**Mr. N. M. Joshi:** Very well: 11,000. And if you take villages having a population of between 500 and 1,000, there are more than 1,00,000 such villages. It is quite clear that 1,00,000 villages having a population between 500 and 1,000, have neither got a post office nor even a letter box. Under these circumstances, I ask you whether the Government of India have got any right to create a monopoly of the postal service. I, therefore, suggest to them to give up their present policy and spend money on the

extension of postal facilities to the rural areas. If they say that they cannot find revenue for the extension of those facilities, I shall in the first place point out to them that they are suffering a loss of more than 35 lakhs almost every year on their telegraph services. I stated in the beginning of my speech that the policy of the Government of India is to give more and more services to those people who have got money and less and less to those who are poor. This is an instance of that policy. The Government of India year after year is making a loss of 30 to 35 lakhs on their telegraph service. This telegraph service is used by comparatively richer people. The postal service on the whole is used by the poorer people. So the Government of India is willing to make a loss of 35 lakhs a year and pay that loss out of the postal department. Is this commercial policy, to go on suffering a loss of 35 lakhs on the telegraph department? But the Government of India are willing to do it, because it is a department which is intended for the richer classes, the commercial classes which are the patrons of the Government of India. I, therefore, suggest to the Government of India not that the telegraphs should be closed, but that as they are willing to suffer a loss of 35 lakhs a year on that department, which is after all a smaller department, there is nothing wrong if they make a loss of one crore a year on extending postal services to rural areas. If you extend the services by suffering a loss for a few years, you will be able to make good your losses after some time. I, therefore, suggest to the Government of India to change their policy and to extend the facilities to the rural areas even if a loss is necessary. They have no right to create a monopoly of the postal service, and not give service to the rural areas. I hope, Sir, the Government of India will reconsider their policy and universalise the postal service.

Well, Sir, I do not wish to speak any more on the question of postal service. May I, Sir, with your permission, say only a few words about the policy of the Government of India on the subject of taxation? Sir, I had heard the Honourable the Finance Member several times talking about the burden on the poor consumers and the masses of the people in this country on account of the protective tariffs. I have already stated that I myself feel that protection of an industry means some burden on the consumers and the poor masses of this country, and there is no denying that fact, but, Sir, it does not lie in the mouth of the present Finance Member to talk of that. Has he examined his own policy regarding taxation? The Taxation Committee had agreed that in India the indirect taxation, which falls proportionately more heavily on the poorer people than the rich, is much larger than in any country in the world. The proportion of indirect taxation to direct taxation in India is much greater than the proportion in Great Britain. A recent authority like Sir Otto Niemeyer has agreed that our indirect taxation is much larger than the direct taxation. This is what he says:

"The general scheme of Indian taxation operates to relieve the welfare of the commercial classes to an extent which is unusual in taxation schemes."

Now, Sir, that is our taxation scheme. What has our Finance Member done, though he expresses so much sympathy for the consumer and for the Indian masses? It may be that he is only against those indirect taxes which were intended to protect Indian industries, but he is not against increasing the indirect taxes. You know, Sir, that only last year the Honourable the Finance Member reduced the income-tax, although our

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Income-tax is never considered to be a very heavy tax. What does Sir Otto Neimeyer say? "The rates of income-tax and super-tax are by no means excessive". That is his opinion, and our Finance Member who is so very solicitous about the interests of the consumer and of the Indian masses takes the earliest opportunity to reduce the income-tax and to increase the indirect taxes. This is my criticism of his taxation scheme. The Honourable the Finance Member having reduced income-tax, knowing that provincial autonomy was going to come shortly, knowing that Burma was going to be separated, reduces the income-tax, and immediately takes steps to impose indirect taxation. He increases the duty on silver and he puts an excise duty on sugar. Now, Sir, both silver and sugar may not be regarded as articles of necessity. I feel that, as regards sugar, there are provinces in India which consume more tea and where sugar is an article of necessity. For instance, in my own province, Bombay, tea is an article of necessity for the poor. There is no poor man who does not take tea twice, at least in Bombay, and therefore sugar is an article of necessity, but even admitting that it is not an article of necessity, it is the poor man's luxury. Should that poor man's luxury be taxed and indirect taxation be increased by reducing direct taxation? I feel that the policy which the Honourable the Finance Member is following in his scheme of taxation is a wrong one. If he cares for the masses of the people of this country, if he cares for the interests of the consumers in this country, let him revise his scheme of indirect taxation. Instead of doing that, he is increasing that taxation. I hope, Sir, the Government of India will consider this question of taxation very carefully. Very great authorities like the Taxation Committee and Sir Otto Neimeyer have expressed their view that the burden of indirect taxation is heavier in India than in several other countries, and therefore this question of indirect taxation must be reconsidered by the Government of India. Meanwhile, as I believe that the direct method of taxation is the right method of taxation, and as I believe an indirect method of taxation is wrong, I cannot be a consenting party to the increase in indirect taxation in this country. Sir, I have done.

**Mr. A. K. Ohanda** (Bengal: Nominated Official): Sir, I rise, with your permission, to make a few observations on the proposed enhanced duty on sugar. I hope, Sir, it won't be considered presumptuous on my part to address this Honourable House, as I have spent, it is true, most of my life away from Legislatures, amongst my dusty books and perhaps sometimes dustier files . . . . .

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadian Rural): And dusty districts?

**Mr. A. K. Ohanda:** But not so dusty as Sind.

**Mr. Lalchand Navalrai:** There you are right; we want more money for roads.

**Mr. A. K. Ohanda:** But, Sir, I feel perhaps a brief and dispassionate survey of this problem may not be considered entirely irrelevant. The Honourable the Finance Member was faced this year with the problem, as you all know, of ensuring stable financial conditions for the ushering in of the reforms. He was faced with the separation of Burma and of Aden,

with subventions to the newly created provinces of Sind and Orissa, and in other ways to meet the increased expenditure for the reforms. The Honourable Member for Calcutta Suburbs the other day reminded this House of a *bon mot* of Mr. Gladstone, that it was as difficult to tax and to please as it was to be wise and be in love. Well, Sir, I think the Honourable the Finance Member has also the common human frailty of trying to please and have the good opinion of all even of the Members on the other side of the House. (*Some Congress Party Members*: "No, no.")

**Mr. N. M. Joshi**: This is news to us.

**Mr. A. K. Chanda**: I do not know whether he was not a little surprised when he found that there was so much opposition to his proposal to enhance the duty on sugar, for, Sir, sugar is, in every country, regarded as pre-eminently a suitable vehicle for an important revenue tax, and it is particularly so in India, because the tax on sugar is likely to press least heavily on the poorer classes. I was rather surprised to hear my friend Mr. Joshi speak about the sugar excise duty being an imposition on the poor man. The poor man does not take sugar. (*Several Honourable Members from the Congress Party Benches*: "What?") There are two forms in which sugar is used in this country . . . . .

**Mr. N. M. Joshi**: Where do you live?

**Mr. A. K. Chanda**: In the form of refined sugar and gur. Refined sugar is usually consumed by the richer classes, by the middle classes and by the more well to do of the urban population, and gur is mostly used by the people in rural areas and by the poorer classes. This tax is thus one which is not likely to press heavily on the poorer classes at all. I would like, Sir, if I may, to examine this from four aspects,—from the point of view of the exchequer, from the consumer's standpoint, from the point of view of the agriculturist and that of the industry. Now, Sir, it is well-known to this House that sugar had been for some years, specially after the war, getting a sort of indirect protection, not directly, because for revenue purposes a tax was levied on sugar imported into this country. In 1931, the policy of protection was definitely adopted and a heavy tax was put on all sugar imported into the country. The immediate result of it was to give a tremendous stimulus to the sugar industry in the country but there was heavy loss in revenue. The following figures may be a little illuminating. In 1930-31 the total receipt as customs duty was Rs. 1078 lakhs, in 1931-32 it dropped down to 808 lakhs, in 1932-33, it went down to 685 lakhs.

**Seth Haji Abdoola Haroon** (Sind: Muhammadan Rural): There was no protection in 1931-32.

**Mr. A. K. Chanda**: In 1933-34, it was 4,72 lakhs; in 1934-35, it was 3,81 lakhs; in 1935-36, 3,21 lakhs; and, in the revised estimates of 1936-37, it has dropped down to 55 lakhs. That is to say, there is now a total loss in customs of over 10 crores, as against that, from 1934 onwards there has been an excise duty. In 1934 it yielded 97 lakhs, in 1935-36, 158 lakhs, and in the revised estimates of this year it is assumed that Rs. 275 lakhs would be realised as excise duty. So that, we are faced now with a loss of about eight crores and five lakhs on the consumption

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duty of one commodity only out of a total budget provision of 80 crores. That is to say, we are losing something like one-tenth of the total provision in our budget. I would not suggest for a minute that if this enhanced duty was going to injure Indian trade, if it was likely to result in Indian sugar factories being unable to cope with the needs of the people of India, this duty should be imposed. But already in this country production has overtaken consumption. The total consumption of sugar in India has been for a number of years in the region of a million tons.

**An Honourable Member:** Why not regulate production?

**Mr. A. K. Chanda:** The output of sugar in India from 1931-32 onwards might interest you. In 1931-32 there was a total production of 288,120 tons, in 1932-33 it was 370,283 tons, in 1933-34, 515,059 tons, in 1934-35, 620,000 tons, in 1935-36, 967,000 tons, and it is estimated that in 1936-37 the total output would be in the region of a million tons of sugar, that is to say, the normal requirements of India.

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadan Rural): You are reading from a subsidised book.

**Mr. A. K. Chanda:** I have also Government statistics. We may say that production has overtaken consumption. There is no danger therefore that the imposition of this tax is likely to injure trade. We have heard in this House that the excise duty will kill the industry. As a matter of curiosity I was looking up the report of the debates in this House when the Sugar Excise Bill was first introduced in 1934. You could have heard almost the identical arguments which are being used here today. There were prophets who declared that the whole industry was going to be killed, that the Finance Member out of a malicious desire to strangle a new found industry was imposing this excise duty, and one Honourable Member called the Finance Member as being guilty of infanticide. On the other hand, from 1934 up to day there has been more than a 100 per cent. rise in the output of the factories and there has been a rise of about 50 per cent. in the number of factories in the country. It does not look as if those were true prophets when they prophesied that the excise duty was going to kill the sugar industry.

**Seth Haji Abdoola Haroon:** The cultivator has suffered.

**Mr. A. K. Chanda:** I am coming to that in a minute. I think the people here who tell us now that this tax will kill the industry will prove to be as correct as those prophets.

Before I go on to the cultivator, let me deal with the consumer. As I have already indicated, there are two classes of consumers in the country. There is one class who mainly use gur; they will not be affected by this excise duty at all, and the other class is that which uses refined sugar. It is true that the consumer will have to pay a little more. The increase in excise works out, if my mathematics is not far wrong, at about one anna additional duty for every five seer bag of sugar. Certainly the consumer will have to pay something extra, but is it not right, have you not the right to demand from the consumer this little sacrifice in the interests of revenue when for years together you have demanded a much heavier sacrifice from him in the interests of the industry?

**Mr. N. V. Gadgil** (Bombay Central Division: Non-Muhammadan Rural): Why not demand a ten per cent. cut in the higher salaries?

**Mr. A. K. Chanda:** If the price of sugar remains at the price at which it stands today, even with the increased duty the consumer will be paying less for his sugar than he was paying a few months ago. I do not think we need, therefore, worry about the consumer very much.

It has been urged that the cultivator has suffered. The agriculturist comes into the picture as a producer of sugarcane, the raw material of the industry. It must be obvious that there must be some co-relation between the price of sugar and the price of the raw material. If the price of sugar falls, necessarily the cultivator suffers because the price of sugarcane falls. If there is a rise in the price of sugar, he should get a rise in the price of the raw material. (Interruptions.) The cultivator may not always get it.

**Pandit Nilakantha Das** (Orissa, Division: Non-Muhammadan): The rise is on account of the excise duty.

**Mr. A. K. Chanda:** If there is a rise in the price—whatever the cause, it does not matter—if the price of the article is going to increase there must be a corresponding rise in the price of the raw material, and the agriculturist will certainly get something more. The Honourable Member does not suggest that the agriculturist would bear the whole cost of the new excise duty; if he did it, it would be iniquitous, but for that, it is not the Government who are to blame but the great industrialists who are interested in developing the great industries of India at the cost of the taxpayer. There is another thing. Out of the cane produced in the country it has been estimated that only about one-sixth goes to the sugar mills to be crushed, and five-sixths go to the production of gur. I do not know if there is any inter-relation between the price of gur and the price of refined sugar, I am not quite sure about it. My Honourable friend, Mr. Mudie, the other day told the House that whenever there is a rise in the price of sugar there is a slight rise in the price of gur. I cannot speak with any great certainty on that point, but it seems likely that if the price of sugar falls to such a low level as it has done lately, it is bound to affect the price of gur also. So, if there is a rise in the price of sugar, it is certainly going to help the agriculturist because there is likely to be a rise in the price of gur. There is another point and it is this. It is said that the agriculturist is dependent to a certain extent on the sale of his cane to the factories. If there are weak factories, as the Honourable the Finance Member pointed out the other day, a certain amount of precariousness is introduced into the position of the agriculturists, because it may be that some weak factories may not be able to purchase all the cane which the agriculturist produces for the factory. There is also perhaps a danger of over-production of cane. We have had unpleasant experience of over-production in Bengal in the case of jute. There was over-production of jute because it brought in ready money and now we are faced with a great problem there. It is not unlikely that if the cultivation of sugarcane goes on increasing simply because factory after factory is being started, it is likely ultimately to affect the agriculturist unfavourably. Now, I will look at the question from the point of view of the industry. The other day the Honourable Member for the Marwari Association told us that the sugar

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factories are being run at a loss. I was a little taken aback, because the community to which the Honourable Member belongs is known to be a hard-headed shrewd business-like people and they are not in the habit of touching any proposition which does not bring in an adequate return. Being a poorly paid public servant (*cries of 'Oh'*) and not being in the position of my wealthier friends who are lawyers and doctors on the Benches opposite, I have had no opportunities to dabble in the share-market but I was a little curious. The other day I saw some of the Honourable Members handing round a paper called the *Indian Finance*. I got a copy and wanted to see how the shares of the sugar factories stood and what dividends they had been paying. At one time they were paying as much as 60 or 70 per cent. and if you read the debates in 1933-34 you will find that the Honourable Member who represented the Bombay Mill-Owners' Association and who spoke this morning told the House that in 1934, some mills paid as much as 300 per cent. dividend on sugar.

**An Honourable Member:** Why not tax dividends?

**Mr. A. K. Chanda:** Now, Sir, the price of the shares gives a fair indication of the position. There is one company whose paid-up shares of 100 are selling at 205.

**An Honourable Member:** That is a case for direct tax?

**Mr. A. K. Chanda:** I am mentioning this to show the hollowness of the submission of one Honourable Member that the sugar factories are running at a loss. Then Belapur—a 50-rupees share is selling at 165. Deccan sugar—100-rupee share selling at 350. It does not look as if there is a great deal of loss. I cannot find any share quoted here which is sold below par.

**Seth Haji Abdoola Haroon:** You are quoting the shares of old factories. Read the quotations of the new started factories?

**Mr. A. K. Chanda:** The Sri Radha Krishna Sugar Mills which is 21 months old has been giving a dividend of 7½ per cent. That is a fairly good return for the money. I now realise that the Honourable Member who represents the Marwari Association and other Honourable Members do not consider anything below, say, 50 per cent. as a reasonable profit. According to them, anything below that is dead loss! So that, this argument that the factories are running at a loss will not bear a minute's examination. We have now on the prowl a dangerous set of men whom we may call the sugar-promoters. They have been going round selling shares, showing large profits which are being made by sugar and this is certainly having a very bad effect. The Honourable Member from the Assam Valley told about the plight of shareholders in sugar companies. Certainly if any legislation is necessary to put an end to speculation, we must have it and it is all to the good. I must confess I was a little taken aback when I saw hostility from the Congress Benches to these excise proposals. The majority of them at any rate are not out to support the industrialists' interests, or, what I may call the exploiters' interests. There are among them a large number of economists and I am surprised

that they could fail to see that this excise duty, which is primarily intended for revenue purposes, I admit, was likely to act as a stimulant to the industry in general. But, apparently, any stick is good enough to belabour the Government with. Many stories have been told in this House and I would ask your permission to tell another story. There was a cultivator with a pair of bullocks. He said one day "I will give away my pair of bullocks to anyone who will convince me of this". His wife cried: "What are you doing? If you give the bullocks away, what shall we do?" The man replied: "Don't be afraid. It is I who has to be convinced, and I can always say that I have not been convinced." I admit I was foolish to expect that they would not oppose this—after "the sporting spirit" which the Honourable Secretary of the Congress Party showed the other day in rejecting some of the railway demands. I should have thought that the same sporting spirit would be shown in opposing the Finance Bill today. But if they want to oppose, let them by all means do so, but let them leave out the sob-stuff about the poor consumer, the loss to the industry and all the rest of it.

**Mr. S. Satyamurti:** We are now opposing the Finance Bill being read for the second time. Before I begin my speech, I should like to offer my very sincere congratulations to the young friend who just before intervened in the debate, though he raised a laugh at my expense. It was a very good speech, and I trust that he will soon find his proper place and defend a better cause than the unfortunate one which he defended today.

Coming to the motion before the House, I submit that this motion is a fraud on the procedure of this Honourable House. I tell you why. My Honourable friend has given notice of two motions, that the Bill be taken into consideration, and that the Bill be passed into law. He understands what I am driving at. He has no intention of moving the third reading motion; and at the proper time he will get up and say, "I will not move the motion standing in my name." Do you know why? If any amendments or all amendments are carried, he will get up and say: "I will not move the third reading of the Bill. Take it or leave it. If you even change as much as a comma, then I will not consider your amendments." Then he goes to a big man not far away, and brings the Bill back in the same form, recommended. He comes along with it; and we move and carry a single amendment. Then he takes back the Bill to another place, and, whether they agree or not, it is certified. I submit, Mr. Deputy President, that the Government are going to do that, for the third year in succession. For two years, they have done it, they have certified the Finance Bill, they have been levying taxes in this country by executive order, against the vote of the House; and, in doing that, the Government have gone not only, against the Congress Party to which I have the honour to belong, but against practically every elected non-official Member of this House. Sir, I submit that this farce should be put an end to. I commend to my Honourable friend, the Finance Member, section 67-B., of the Government of India Act, 1919, under which, even if the House refuses leave to introduce a Bill, the Governor General may certify that the passage of the Bill is essential; so that if unfortunately he has to bring in next year another Finance Bill of this character, and if the House consequently refuses to give him leave to

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introduce the Bill, then he can finish it in one day, and then proceed to have it certified. I ask, Sir, why this agonizing waste of time, when the Government have already made up their mind not to accept our amendments, or even to look at a single amendment. Now I want my Honourable friends in this House to feel the sting. There are, these gentlemen who pretend to consult us. We consider the Bill and make amendments, but the Government have already made up their mind not to move the third reading. I challenge my friend to deny that I am right. Then, Sir, on the merits of the Finance Member's budget speech, I have read it very carefully, and more than once. He begins, however, with "a story of disappointments and unexpected difficulties", but by way of paying him my sincerest compliment, may I say that he treats his story of disappointments and unexpected difficulties in a very lighthearted manner? He does not take these difficulties or disappointments as anything serious, and I just want to read one paragraph of the opinion of the Federation of Indian Chambers of Commerce and Industries. Sir, it is the fashion in a section of this House to think of them as if they do not count, but I consider them as great captains of industry in this country, who have made the commerce and industry of this country, and to whose opinions, we are bound to attach a very great weight. They say, Sir: "It may be true that there are a few purple patches here and there both in regard to certain industries and to the modest increase in export activity. But the Committee are definitely of opinion that the improvement in the prices of commodities has not gone sufficiently far to materially affect the masses of the country, the betterment of whose position alone can justify an optimistic view about the economic situation in the country. If there is any recovery in the export trade, it cannot be forgotten that this country is still far remote from the position of a few years ago, when exports were very nearly double the present figure." Our favourable balance of trade was something to be proud of. It has now fallen.

"The Finance Member's treating the deficit of three crores and forty two lakhs as a matter of small consequence in a budget running in to 80 crores is, in the opinion of the Committee, a sad commentary on the general attitude of the Government in this country in disregarding the reality of the country's poverty and lack of resistant capacity to meet adverse circumstances. The budget of 80 crores for the Central Government is undoubtedly a large figure for a poor country like India, and particularly so when almost the entire amount of its expenditure is restricted to essential services like the Army and Civil Administration on the extravagant basis of the high salaries and remuneration, entirely ill-suited to the economic conditions of the country." "The Finance Member's budget speech makes not the slightest attempt at either providing directly for measures of social reform and improvement or indirectly to create conditions and atmosphere in the country which would further the economic betterment of the masses. The Finance Member made too much of the necessity of concentrating on measures of rural uplift during the last two years. But as was generally anticipated by the commercial classes in this country, the Finance Member's protestations and those in that regard have ultimately proved to have more a political basis than a genuine solicitude for the amelioration of the condition of the countless millions

of this country." My Honourable friend talks of political bias in us. With regard to the rural development fund for the last two years, he seemed to show some concern for village uplift schemes, but he has quietly dropped that this year. With regard to the extravagant salaries of Government servants, I want to say, in passing that our Karachi Congress resolution is no longer the resolution of a body agitating for something unreal, but it is a resolution of a body which now has the power in several provinces, in six it will be in power if we decide to accept office; and my Honourable friend will then think of the "poor ill-paid Government servants". (Laughter.) Then in his Budget speech, on page 5, paragraph 5, he refers to one fact which is very significant:

"Most of the expenditure which, under the existing classification, is shown under the heads 'Political', 'Frontier Watch and Ward' and 'Territorial and Political pensions' together with part of the expenditure at present shown under certain other heads in some of the Area Demands will appear under new heads 'Payments to Crown Representative', 'Tribal Areas', and 'External Affairs'."

In other words, it means that sums under voted heads will hereafter appear under non-voted heads! Then at page 6, he refers complacently to this fact:

"All sums required on revenue account by His Majesty's Representative for the exercise of the functions of the Crown in its relations with Indian States under Section 145 of the new Government of India Act, less any revenue receipts realised by him in the exercise of such functions will be shown under the head 'Payments to Crown Representative'. The cash contributions referred to in Section 146 of the Act will as hitherto appear as 'Payments from Indian States'."

Then, I come on to paragraph 12 of his speech, which really is the most laboured and most unconvincing part of his speech. In that paragraph, he says:

"It will be seen that the general effect of the separation of Burma is a net reduction of Revenue of Rs. 3,38 lakhs and a net reduction of Expenditure of Rs. 92 lakhs—these figures taking no account of a betterment of Rs. 13 lakhs in the net balance of the P. & T. Department. The net cost of separation is therefore Rs. 2,33 lakhs." and he takes credit for certain items.

Now, the fallacy of the statement will be apparent from pages 2 and 3 of the Financial Secretary's Explanatory Memorandum. You will find, Mr. Deputy President, that at page 3 of the Memorandum, in paragraph 4 the following figures are brought out:

"The separation of Burma thus leads to a net reduction in revenue of 6,61—3,36, or 3,25, and to a saving in expenditure of 2,35—1,43, or 92. The net cost of separation will therefore be, 2,33. The gain of 3,23 shown against the head 'Extraordinary' represents the amount payable by Burma under the Amery Award and is made up of—

- (1) 2,29 being the provisional figure of the annuity payable for the next 45 years in respect of the debt and other liabilities taken over by Burma; and
- (2) in respect of Burma's liability for pensions; this figure represents the first of a series of annual payments which will diminish gradually to zero over a period of 20 years."

Now, what I am asking is whether it is right for you to treat these as permanent gains, when both of them are, *ex hypothesi*, temporary. Therefore, the separation must be said to cost more than they are trying to make out, and the net loss is really Rs. 5,56 lakhs. And, Sir, who wanted the separation? It was forced on us. We have to pay for it.

[Mr. S. Satyamurti.]

Again, we are told that all these figures are of a provisional character. The Financial Secretary is franker. He says:

"The additional burden falling on the Budget for 1937-38 arising from the constitutional changes thus amounts to 4,18. This is in addition to the charges assumed in earlier years, including the devaluation of 50 per cent. of the Jute duty and the subventions to N.-W. F. Province, Sind and Orissa, which together amount to more than as much again."

That is Rs. 8½ crores altogether. Then, there are further commitments. When Federation comes, whenever it comes,—I am sure, my Honourable friend has looked up section 147 of the Government of India Act, under which there is one power residing in the Viceroy, viz., that he may "agree to remit, over a period not exceeding twenty years from the date of the accession of the State to the Federation any cash contributions payable by that State"; there are other future commitments also; and we have got a series of sections in the Government of India Act from section 137 to section 143, which I want my friends, who attach some importance to financial considerations, to mark. Sir, if Federation does not come, so much the better; but if it comes, certain duties, such as those in respect of succession to property, stamp duty, terminal taxes, and taxes on railway fares and freight, shall be levied and collected by the Federation, but the net proceeds shall not form part of the revenues of the Federation; in respect of taxes on income, the Federal Government have got to make 50 per cent. over to the provinces and, again a Corporation tax shall not be levied by the Federation in any Federated State until ten years have elapsed from the establishment of the Federation. And, similarly, there are future commitments of the Government of India, which must seriously affect the financial position of this country, under the Federation. Besides these, there are the commitments of the Governor General under sections 145 and 146 of the Act, that is to say, every year we have got to pay to the Viceroy from the revenues of the State all the money he wants for the exercise of the functions of the Crown in relation to the Indian States, and all cash contributions and payments made by the Indian States shall be received by His Majesty and shall be placed at the disposal of the Federation, but His Majesty may remit the whole or any part of the contributions so paid. Therefore, it is a case really of much more financial commitments, than are contemplated in the Finance Member's budget speech. I should like to know how he proposes to meet all these future commitments. Then, again, in his budget speech, he refers in paragraph 13 to provincial borrowing, and I am raising this point for mere elucidation, if I may. In paragraph 18, he says:

"All future borrowing by Provinces whether for long or short term, will ordinarily be from the market through the medium of the Reserve Bank."

But the terms, so far as the Provinces borrow from the Centre, are different:

"The terms of each loan to a province will be settled *ad hoc* in relation to each case."

I am only anxious, in these days of provincial autonomy, when the Reserve Bank arranges the loans for Provincial Governments and in certain cases it is arranged by the Central Government that there ought to be no unhealthy competition in the loan market. The tendency will be to raise the interest rates. After all, provincial solvency differs from province to province. Certain Governments can borrow at cheap rates, others

cannot. There ought to be some machinery, by which we ought to avoid unhealthy competition in the loan market; otherwise even good provinces which can borrow at reasonable rates may be compelled by unhealthy competition to borrow at higher rates of interest. I do not know what measures the Reserve Bank and the Government of India will take for this purpose, but they ought to evolve some good machinery.

Then, the Finance Member's proposals for revenue and expenditure are given at pages 8 and 9 of his speech. Now, I want to commend to my Honourable friend, before I deal in detail with his proposals, a few comments of a great friend of his, Sir Walter Layton, who is one of the few free-traders left in Great Britain yet. His figures are not quite up-to-date. They are about 15 years old, but I think they are more or less accurate, if we make some allowance for the changes made. According to him, the annual income of the British people is about £ 4,400 millions or £ 100 per head per year but, according to an optimistic estimate, our average income is Rs. 107 a year or about £ 8 per head. It must have fallen since, but I am giving him the benefit of a higher estimate. It will thus be seen that our average income is less than one-twelfth of the average income of a Britisher in England. The amount spent on military and naval defence was 2½ per cent., unless it has risen in this year's budget on account of the race for armaments that is going on in Europe. But the fact of the matter is that, in India, the proportion of income that is spent on defence is about 2 per cent. and it may also have increased now.

**Mr. G. R. F. Tottenham:** It is less now.

**Mr. S. Satyamurti:** It cannot be, because the income has fallen down. The average income of the Indian is not so much as it was. Everybody knows it. We have only to go round the country to see that our people are getting poorer and poorer every day and some people, of course, are getting richer and richer. Our expenditure on defence is as high as in Western countries, but the expenditure on social services, such as, education, health, sanitation, is far behind Western standards. In fact, it is almost non-existent.

Now, Sir, on the question of taxation, I would rather support the sentiments expressed by my Honourable friend, the Labour Member, who is also supported by Sir Walter Layton himself, for he says:

"Though the population in India consists in the main of extremely poor people, it is at the same time a country in which there are large accumulations of wealth on which the burden of Government rests very lightly. In spite of the widespread poverty in India, I see no reason to doubt that the public revenue of India can be substantially increased without taxation becoming intolerable provided that its incidence is adjusted to the capacity of the tax-payer to pay and the heavy additional burdens are not put upon primary necessities."

Those two are important considerations. You must not tax necessities, and you must also bear in mind the capacity of the tax-payer to pay.

**The Honourable Sir James Grigg:** There have been ten years of high protection since then.

**Mr. S. Satyamurti:** My friend has got only one bee in his bonnet. I suggest that he should educate himself. I suggest that he should read some books besides his own favourite books, and he will then find that

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other countries have managed to give protection, and yet decreased the poverty of the common people. It is not impossible. I will give him one more advice from Sir Walter Layton:

"There can be little doubt that, in conditions such as those which now obtain in India, it should be possible to stimulate production and to increase the welfare of the people by public expenditure designed to give greater economic security (by irrigation works, improved and more varied methods of cultivation, etc.), better physical well-being (sanitation, water supply, improved public health, etc.), and education. Indeed, taxation may be the only practicable means of creating a better and more secure livelihood. But, in order to achieve this, the proceeds must be wisely spent."

I am surprised that other recommendations of Sir Otto Niemeyer have been carried out, but one important recommendation which he made, namely, the rich are not being taxed as much as they ought to be, has been completely lost on the Finance Member. Why has he removed the surcharge on the super-tax? Why does he not re-impose it? Why does he go about taxing necessities like sugar? So far as the general budget position of the country, as a whole, including the Centre and the Provinces, is concerned, the Central Government get about 88 crores, and the Provincial Governments get between 80 and 90 crores. On the expenditure side, defence used to cost us 55 crores, but now it is 45 crores or nearly 50 crores, as was pointed out, by my friend, Pandit Govind Ballabh Pant, the other day. Law and Order and Justice cost 21 crores, general civil administration 27 crores, pensions 7 crores. As against these, education used to cost only 13 crores, health and medical services 6½ crores, agriculture and industry 8½ crores, civil works 14 crores. Now, on the side of taxation, customs is the biggest source of Central revenue and land revenue, and alcoholic liquors are the biggest sources of provincial revenue. All these sources are precarious. Now, on the question of defence expenditure, I know that our voice is a voice in the wilderness, but still I think, on a Finance Bill like this, we must make it perfectly clear that we cannot afford to pay this bill of 45 to 50 crores for defence. We simply cannot afford it. There is no use giving me facts and figures; you must reduce the amount. There is no use saying that you are very economical, and that you have received a warning from the Commander-in-Chief, and, therefore, you cannot expect any further savings. The fact of the matter is, that if this country had any voice in it, no Government, no popular Government will ever be able to get any popular House to vote for 45 crores for defence expenditure. I want to know what is the principle on which the defence of India is being kept up. Who dictates the foreign policy of India? Are we a Member of the League of Nations or not? Do we believe in collective security or not? Do we believe in the League of Nations or not? Are we like England competing in the race for re-armament? I want to know where we stand. That is a mystery, on which no light is sought to be thrown at any time. By whom is the strength of the Indian defence force settled? By whom is the expenditure prepared in advance? No doubt under this "Charter of Liberty", namely the Government of India Act, 1935, this House will lose even the small control it has now over defence expenditure. The Viceroy will become the sole monarch of defence expenditure, the Commander-in-Chief will not be a Member of the Government of India, and this House will have very little control over defence expenditure. But

it does seem to me that today defence expenditure is one on which we cannot congratulate ourselves or to which we can be a party.

Now, I want to commend to my Honourable friend the principal features of the Indian Fiscal system, as laid down by Sir Walter Layton, with which I also entirely agree, although there are just one or two matters on which there may be room for difference of opinion. He says:

"The principal features of the financial system of British India that have contributed to the low level of taxation as compared with the level in other countries seem to be the small yield from income-tax, the total exemption of agricultural incomes from income-tax, the absence of death duties, the absence of any internal taxation on articles such as tobacco, matches, etc., and the inadequate development of local taxation particularly in rural areas."

Certain of these matters have become provincial subjects, I know, but these Provincial Governments are not going to be so helpless as all that. They will be able to come to the Legislatures and tell their people that, so long as this Moloch of a Central Government stands there, irresponsible and irresponsive to public opinion, spending over 45 crores for defence and spending a few more crores on these bloated services, we can never make any further development. Whatever may be the taxes proposed, we will again and again find that we cannot find money enough for our expenditure on national services. Then, we will develop those sanctions which will wipe out this Government of India completely. That will be the answer to those friends who simply say, "Go to the provinces and do what you can." So far as the actual proposals for increased taxation are concerned, before I deal with them I would ask my Honourable friend one question. In paragraph 20 of his budget speech, he says "that the gross deficit is 3 crores, 42 lakhs. Against this we have Rs. 1,84 lakhs in the Revenue Reserve fund and so our net deficit is Rs. 1,58 lakhs". Is it a fair calculation? This Revenue Reserve fund is there undoubtedly, and it will soon be wiped out, if this present state of revenues goes on. You cannot have permanently a Revenue Reserve fund, if you go on raiding that fund. This year, having raided the Revenue Reserve fund, the Honourable the Finance Member has reduced the deficit on paper, and he faces this prospect with equanimity. So far, it is only superficial optimism which is not justified by facts. I do not deny his right to raid the Revenue Reserve fund. But, if he does so, he must take full note of its effects and pay full consideration to it. When the deficit will come again next year, you will have no Revenue Reserve fund to meet it with, and you cannot really raid on these revenue reserve funds, except for the time being. I suggest that you must make some permanent provision for meeting this inevitable deficit, as the years go by.

Now, Sir, as regards the sugar duty, there was a sugary speech from the Honourable Member who spoke before me and his speech suggested almost an increase in the duty. I want to draw the attention of the Honourable Member to one point which the Federation of Indian Chambers of Commerce and Industry have made. They say:

"It will adversely affect the agriculturist who has undoubtedly been helped by the creation of a large sugar industry in the country. The Finance Member cannot forget that the increase in the acreage in cultivation is a remarkable testimony to the direct benefit conferred on the indigenous agriculturists in this country. However it is not too late for the Finance Member to reconsider his proposal to allow the industry to consolidate itself till the time the Tariff Board has submitted its report and recommendations."

[Mr. S. Satyamurti.]

I may say that my only concern with regard to sugar excise duty is that it ought not to affect the consumers or the agriculturists. I am not anxious so much about the industry. If really this excise duty will not affect the producer, if it will not affect the prices which the agriculturist now gets for his cane, if it will not affect the consumer, I shall certainly be relieved of a portion of my anxiety.

With regard to the silver duty, I want to ask my Honourable friend whether he is perfectly right in putting this duty, and whether he will consider the question of sales of silver by Government, and whether it is right in the interests of the country to reduce the imports of silver, whether this duty may not affect the larger interests of the country. In passing, I may mention that the Honourable the Finance Member, very clever as he is usually, when he comes to Lancashire goods, betrays himself. I am not now referring to his protestation that he is only serving India's interests. I do not quarrel with him over that. But it does seem to me that, when he comes to Lancashire goods, he seems to exhibit a keen regret that in spite of a lowering of the duties, the imports have not increased. If that is so, why keep lower duties at all? He is the Finance Member of the Government of India. If really this lowering will not benefit anybody under the Sun, not even your exporters from Lancashire, why not restore the earlier duties? You will get some more money. I want to know what interest is being served by this lowering of duty:

*"Thē mī mānusha Rakshasah Parahitam Sodrthaya Nighnanti yē;*

*Yē thu ghanthi Nirarthakam Parahitam thē kē na jānimahē."*

"They are Rakshasas, who destroy other people's good for their benefit, but I do not know who they are, who destroy other people's good, for no purpose."

Lancashire does not benefit and there is a great loss to the Indian exchequer, and then why keep up these lower duties?

On the ratio question, I speak with great trepidation. I know it is a red rag to the mad bull. Says the Finance Member, he will not monkey with the ratio. I want to ask my Honourable friend some questions. I am not an expert, nor am I categorical in my views. I am concerned only with the supreme economic interests of my country. I want to ask my Honourable friend one or two questions. Depression is lifting from some countries, especially from Great Britain. Are we now having the same benefit of the lifting of the depression? I suggest, we are not. Are we not suffering today in our country from a low uneconomic level of prices of primary products? Is there any means of raising these prices, except by a change in the ratio? Have not many countries after the great war depreciated their currencies and more than once? Of course, you talk of cheapness of money. The fact of the matter is, that money is not superabundant, but there is lesser use of money in trade and industry and agriculture. This is an unhealthy sign. Should we not be able to compete with other countries of the world, which have depreciated their currency? We must do something to increase our power to compete, by altering our ratio. No doubt, we shall require more rupees to meet Home remittances. But the increased prosperity brought about by increase in prices would meet that loss. It may also stimulate gold exports, but if on the whole, the condition of the people is improved, I

think the net gain will be on our side. Anyhow, I feel that this is a matter on which we should like to have some clear opinion from somebody who can advise us. Of course, the Honourable the Finance Member knows his mind, he knows that he only can save India and nobody else can, but still I suggest that some times humility is a virtue. Will he ask the Reserve Bank to give a report to him on the ratio question? He refused to disclose to us the other day, in reply to an interpellation, why Sir Osborne Smith resigned his post of Governor of the Reserve Bank.

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

He may still refuse to answer the question. But a bird whispers in my ears, that Sir Osborne Smith and the Honourable Sir James Grigg differed on the ratio question, and the Honourable Sir James Grigg, being the strong man that he is in the Government of India, told Sir Osborne Smith to go, and he had to go much earlier than his time, and the taxpayer had to pay him all the salary for the unexpired portion of the contract period. Among other things, I want to make a suggestion to him. Now that he has got his own man on the Reserve Bank—I do not mean any offence to Sir James Taylor—the Finance Member might ask the Reserve Bank to give a report on the question as to what is the proper ratio for the Indian rupee in this country.

So far as the remaining proposals in the Finance Bill are concerned, we of the Congress will undoubtedly oppose the salt duty, or at least reduce it, and I hope the House will be with us on that.

4 P.M. We will certainly have the half anna postcard. I am sorry my Honourable friend, Sir Frank Noyce, is going away with this tragic inheritance behind him. I wish it had been given to him to leave behind him the half anna card, but the Honourable Sir James Grigg is relentless, and the Honourable Sir Frank Noyce has to leave the shores of this country, with this regret in his mind that he cannot say that his parting gift is the half anna postcard. For after all, how much would it cost to have this half anna postcard? A few lakhs. We can certainly save a few lakhs out of the salaries paid to Government servants, especially highly paid officers. Why not do something in that direction? Why should you all have the full salary, and deny to the poor man the privilege to use a half anna postcard? Do you know the strength of feeling in this House? Almost every elected Honourable Member goes into the lobby, against the Government, but nothing seems to move this Government. Is it right that you should go on proceeding in this way, without caring for the welfare of the masses? I suggest that if you want revenue there are other means by which you can get it, other than keeping up the postcard at nine pies or raising the sugar duty. A cut in salaries will bring two crores. I suggest they should start with a ten per cent. cut in the salaries and meet the deficit, and at the same time reduce the postcard price and also reduce the sugar duty. But while we have this revenue budget which is placed before us, may I ask my Honourable friend, the Finance Member, whether he has ever considered the real budget of the average Indian *raiyat*, for whom he professes so much concern? What is the average income of the average *raiyat*? Sir, our poverty today is so great that, in my country alone, beggars fight for life and death over the leavings

[Mr. S. Satyamurti.]

of a rich man's food. I have seen it in every town, and there are thousands of people to whom a full meal is a mere romance, and they never taste it in their lives. People have seen it; those who worked in these elections know, and we saw with our own eyes the poverty and the nakedness of this country. You, from your position, may ignore these things, but a budget, without going into these facts, shows a callous disregard of those permanent human values which any human Finance Member must have regard to. What is the average longevity of life in this country? It is 23 years, whereas in your country it is 53. I do not grudge you, but am I to die at the age of 23 in this country,—a nation which lived a hundred years,—because of the colossal poverty of this country? Unemployment stalks the land; hundreds and thousands and tens of thousands of educated young men and women have no employment; and in the villages there is no employment for seven or eight months in the year. And what are our villages? They are today the abodes of dirt, insanitation, poverty, ignorance, and quarrels. We hear a good deal of cottage industries. Again, Sir, I tried my best to get an answer on the attitude of Government towards the All-India Village Industries Association and the Hallett circular; and I am yet to get a complete answer. Then, on the other hand, we get from high quarters the advice, "Drink more milk." Why add insult to injury? When I cannot get a day's square meal, why insult me by asking me to drink more milk? At least, you should be human enough not to insult us in that fashion. Stud-bulls,—what can they do? Imperial Agricultural Research,—for whom are you doing that? An Honourable Member who spoke before me said that all these experiments are too costly for the average cultivator and the *raiya*s of this country. And my Honourable friend behind me reminds me that nothing is being done for the handloom weavers, who are suffering a great deal. But even apart from these fundamental facts of Indian economic and industrial life, I ask my Honourable friend the Finance Member to see, from his narrow point of view, what is happening. Sir, I think the Honourable Sir James Grigg is too facilely optimistic in his budget. In one of the paragraphs, where he uses all his powers of expression to make the worse appear the better, on page 12 he says:

"Are our calculations then all wrong and are we pursuing a chimera in judging that we can finance the new constitution?"

An honest man would have said, Yes. He dare not say that, and he dare not say an absolute, No. So he says:

"I do not think so."

And then, he starts a huge series of paragraphs. A man who cannot answer a categorical question like that by an emphatic, positive, confident negative, and tries to argue in a whole page of printed matter with a lot of particles and conjunctions must be very weak in his own convictions. He says:

"With an increase in prosperity and activity the money-lender will once more be able to employ his idle funds."

What a poor pathetic calculation! That my countrymen should be poor enough and be compelled to borrow, they will borrow from money-lenders who will charge exorbitant rates of interest, and thus earn greater incomes and pay more income-tax! Is that a fair way of administering the finances of a country?

Then, there is question of silver imports. He says:

"Another bearish feature is the substitution of silver imports for imports of goods subject to a higher rate of duty—a reappearance in fact of the old hoarding tendency. It would perhaps be optimistic to prophesy any very early disappearance of this though it is to be hoped that it will disappear in time."

What a perfect consolation to man who has got to balance his budget! Then:

"We had all along assumed that the revenue from protected articles would ultimately decline to much lower levels and the fact that these levels are being reached unexpectedly quickly means again a temporary rather than a permanent embarrassment."

How is it temporary? What is going to happen after that? If you mean that it came earlier than you expected, is that nothing to the Finance Member?

**The Honourable Sir James Grigg:** It is something but not permanent.

**Mr. S. Satyamurti:** Then:

"On the other side there are definitely encouraging signs."

And what are they? The railway traffic returns. I wish he had thought of a better support than the railways. They have hopelessly bungled their affairs, and if you build on their foundations, you will be building on very shaky foundations indeed:

"The steadily increasing prices of primary products point to the same conclusion."

There is some slight increase, but nothing to congratulate ourselves upon. Then he says:

"Finally, we must be careful not to exaggerate the importance of a gap of one or two crores in a budget of over 80 crores."

How is it one crore? "One or two crores",—this is a schoolboy's English, and not a Finance Member's English, when you are dealing with such serious matters, and you are 3½ crores in deficit. Therefore, he says everything is all right; God is in His Heaven, I am the Finance Member, and everything will be all right. It seems to me, Sir, that my Honourable friend has not dealt with the future in that purposeful manner in which I know he can deal with it, if only he had the courage and the data to deal with it. Then finally he concludes:

"On the whole I do not think I shall be indulging in unjustifiable optimism . . ."

This is a beautiful gradation of English. "*On the whole*",—that is one qualifying phrase. "*I do not think*",—a negative statement,—"*that I shall be indulging*", etc. "*if I say, as a result of considering the various factors at work that there is no reason why*",—a double negative,—the Niemeyer prognostications *should not be realised in the long run*, and that even in *the nearer future* his programme can be fulfilled with the help of no more than a very modest addition", etc. And then, he throws the blame on me!

"Of course I am always pre-supposing the absence of internal disorder or external strife."

[Mr. S. Satyamurti.]

Of course, he is never to blame! That is the robust optimism of the Finance Member. I suggest, Sir, that language is given to us not to conceal our thoughts, but to express our thoughts; and although he has tried his best, I think my Honourable friend should realise, after understanding what I have said, that his optimism is wholly misplaced.

On the other hand, Sir, take Sir Otto Niemeyer, his friend, who I suppose was also instructed by him. He was, however, wanting more exacting standards. In his report, he said:

"Throughout my recommendations, I have kept the stability of the Central finances continuously in mind."

Then, he continues:

"While it is true that the revenues of India have not returned to the exceptionally high figure prevalent before 1930-31 and it may be a long time before they again reach that level, there has been an appreciable recovery from the bottom—perhaps more than is generally realised in India. The improvement is parallel to, if not precisely identical with, what has occurred in many other parts of the world and reflects the same underlying conditions. There is no sign that it has ended, or that the natural tendency to automatic growth has ceased to function. It would, I think, at least be legitimate to anticipate a continuation of the recent rise at a moderate pace."

Facts have proved that he was wrong. The rise has not only not kept up, but it has fallen. Therefore, I submit, Sir, that an honest Finance Member should have gone back on these conclusions; but, he says, "No, no. I expected a rise but there has been a fall. It is only temporary, and I will somehow manage." I say, on the whole, the future is blank.

In paragraph 20 of his speech, the Finance Member makes some suggestions, where I find myself in entire agreement with him. He says that he can find a lot more by improving and tightening up the administration of the existing taxes. I feel that in this country there is too much of corruption in the administration of the taxation laws. The State does not get as much as it ought to get, and the tax-payer does not pay as much as he is bound to pay. I think the Provincial Governments will find this problem facing them immediately, and I hope that the Congress Governments in the provinces, if they accept office, will tackle this problem of eliminating corruption, and keep it in the forefront of their programme, and that the Central Government will do all they can to help in this matter and will be grateful for this campaign against corruption. I also agree with him in the attempts made to prevent smuggling from Pondicherry and Karikal and other places. In fact, I suggest. . . .

**The Honourable Sir James Grigg:** Ask your friend behind you!

**Mr. S. Satyamurti:** We do not disagree in this matter: this is not a party matter, but a matter of administration, and I do not think my Honourable friend behind me said that he would want smuggling. There are bound to be difficulties, and my own feeling is that we should persuade His Majesty's Government to negotiate with France and Holland and other countries, and buy up all these possessions in this country: we must have a Zollverein of the whole of geographical India; otherwise, we cannot administer customs satisfactorily. That is one of the major

problems: it may not be possible today; but we cannot, I think, administer customs honestly and efficiently, until all the Indian States in this country surrender all their customs rights to the future Federation. You may not be strong enough to enforce it at the moment, but if you accept Federation with all these rights reserved for these States, you are letting yourselves in for trouble. Similarly, with regard to French and other possessions.

So far as the provincial budgets are concerned, Sir Otto Niemeyer gave certain figures in Appendix 2(b). I made a rough calculation and find that the provincial deficits are more than 2 crores for the last year for which figures are available, including the Government of India conventions; and Sind has got to be paid 105 lakhs for some years, and Orissa 50 lakhs for 20 years. Taking all these, it seems to me the provincial budgets are in a deficit state, except in a few provinces; most of the provinces have got deficit budgets, and the Central Government is rapidly tending towards it; and I think a calculation has been made that, if the provinces are to make any kind of reasonable advance in education, sanitation, etc., we want an expenditure in all the 11 provinces of roughly 50 crores, on a ten-year programme—this is, of course, a rough estimate—or five crores a year for ten years. My Honourable friend, Sir Muhammad Zafrullah Khan,—I am glad he is here—says, "Go and try your hand in the provinces in those fields." But we know what the facts are. We have not told our electorate that we are going to bring in a new heaven and a new earth. We have told them that the Government of India Act is a monstrosity, that it does not give us power to do anything at all. You keep all the finances and say, "You find the money." You tax us for your defence, for the bloated salaries your services are getting, and we are asked to tax ourselves further to improve our lot. I say on the financial side, the budget has not considered the future from any relevant point of view at all. I suggest that that is not fair to the tax-payer or to the country. Drastic remedies must be applied. The rich must be taxed more. Certain new taxes have got to be introduced. But, speaking for myself and my party, if I may, we shall be no party to a single pice of taxation, until the Army expenditure is drastically cut down, and your salaries are considerably reduced, and the number of appointments are also reduced, and we get full power of the purse. There is no use coming to me and saying "Tax, Tax". I will not tax: why should I tax in order to pay Mr. Tottenham and his crowd? Why should I tax in order to pay them 45 crores a year? I will tax myself and go to the country, provided I can spend the money for the benefit of my nation as I feel, and as my friends feel fit. That is all I have to say on finance.

But, before I leave the Finance Member, I want to say something about him, if I may. I trust I shall cause no offence—that is not my intention. It is said that he is the strong man of the Government of India—at least I find that he orders about everybody here. It does seem to me, therefore, that he is the strong man of the Government of India. If that is so, I am sorry his attitude towards protection should be so relentless. I am not one of those who believe that we should have indiscriminate protection. My friend used that phrase in a happy vein; but when he says that for every evil to which the Indian economic body is heir, protection is responsible, he is certainly trying to make us practise what his countrymen have ceased to practise. I suggest that, when he goes to his country, if he should preach free trade in England,

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he will get no audience at all. I thought I heard two voices on the revenue duties of this country. In answer to my Honourable friend, Mr. James' motion, the Honourable the Finance Member undertook to examine this question, with a view to lowering the duties, wherever necessary. But, on the same day when the question of protection was raised, the Commerce Member pleaded proudly that the revenue duties themselves afforded some protection to many industries and, therefore, wanted us not to press the motion. I want to know who is running this protection policy—Sir Frank Noyce, Sir James Grigg, or Sir Muhammad Zafrullah Khan—all or none? It seems to me that this idea of one Industries Member, one Finance Member, and one Commerce Member, each pulling in his own direction, one of them swearing by free trade, another swearing by protection or discriminating protection and another by neither, is one which cannot lead the country anywhere.

Then, I want to know from him, what his attitude is towards Imperial Preference. Does he believe in it? I also want to know his part in the constitution of the Wedgwood Committee. The other day, he gave us advice in his peaceful speech to accept office. I wish he had not given that advice. The Honourable House knows my views, but I think, if a friend like the Finance Member comes with his advice on the eve of the All-India Congress Committee meeting, my chances become more difficult. (Laughter.) We know the good old English proverb about accepting even a gift from the Greeks. I wonder whether all this advice is really meant in that friendly spirit, in which it was sought to be given. But if he is sincere about it, I put to him two questions: will he undertake as Finance Member to help the Provincial Governments to the extent of giving the finances they want? All our schemes require money. We have a right to evolve our own schemes, and we will require money for every one of our schemes. Will you help there? That is one test. The second is with regard to these safeguards. Section 54 of the Government of India Act puts it in hands of the Governor General to control by his discretion the exercise of their discretion by the provincial Governors. Will he advise his chief, the Governor General, that, considering the results of these elections, the Governors shall not use these safeguards against the promotion of the constructive programme by congress ministries? It seems to me that, if he wants us to accept office and accept his advice, he must show more evidence of his sincerity. But I found that his motive was much more human: he said, "If you accept office, then you will understand and perhaps sympathise with our mistakes." I am glad he realises that even Sir James Grigg can make mistakes. That is something. But, assuming that to his credit, I can assure him in advance that, whatever mistakes we may make, we shall not make such deliberate mistakes as they have made during all these years. Mistake by error of judgment, we may not always be able to avoid; but we shall always do everything in the best interests of the country and never anything against the higher interests of our country. I charge you that you have done it. But I want to give him a friendly answer—he has given us his advice; we shall decide it in the best interests of the country. Even as I am speaking, I think the Congress high command is deciding this question. I assure him we shall decide it in the best interests of the country; but if you think that, by accepting office, we are going to accept office and settle down to work the Government of India Act, you are making the mistake of your life. This Act

must go, and the earlier it goes the better: and if we accept office, it will be to break the Act, at the earliest possible moment.

Sir, I now pass on to the Honourable the Leader of the House, whose absence I regret and the cause of whose absence I regret more. I am glad to hear he is better, and I hope he will soon be all right and be restored to us and be amidst us before very long. But, Sir, I want to charge him with this, that he, as the Leader of the House, refused to postpone the Assembly Session, when the Congress Party and the Nationalist Party both wanted an adjournment, in order that the Members of the respective parties may take part in the provincial elections. That, I think, is very unfortunate.

Then, about the rules regarding interpellations, I was not here, my party was not here, but I want to point out one sequel to it, and that is, the Question Hour has collapsed—in whose interest, may I know? The only condition on which you can justify this rule is this,—that several Honourable Members are waiting with starred questions for answer. But what is the result? I got busy with elections. I could not send my questions in time, and I find really the question hour is no longer there! And all the analogy of the House of Commons is absolutely misleading. There, you have got an absolutely responsible Government, there the number of Members is more than 700, the number of days they sit is much larger than we sit here.

Then, Sir, on the question of Federation, may I know what is happening? I asked a question, the Honourable Sir Nripendra Sircar is not here,—the Honourable Sir Frank Noyce reads out the answer,—and the answer is "No Information". I want to know what is happening. What did these Viceroy's Advisers talk to the princes about? What did the princes want? What are the negotiations about? Are our rights being signed away? What are the financial commitments? How much are we losing over this? In the Round Table Conference, Government seemed to take some of the people into confidence, but today we are no longer in the picture. Is there to be any amendment of the Act, express or implied, or in the Instrument of Instructions? Do the Princes want a solvent federal budget? Do they propose making their legitimate contribution to the finances of the country? When is the Federation coming? Sir, this House rejected the Federation, and I know that most provinces will do the same. And I suggest that your rushing through these federation negotiations behind the back of the House and not telling us anything about it is hardly fair to the country.

Then, Sir, about the Honourable Sir Frank Noyce and his Department, I want to say something on the question of the rail-road competition. I want to tell him that he is going to get nothing by mere coercion. There must be co-operation between provinces and the States on the one hand and Federation on the other. You will get nowhere except by co-operation. And the Railways can come into their own only by efficiency, by retrenchment, by economical management, and by adopting modern methods of transport.

In the case of industries, I find there is really no improvement in any direction. This morning, I had a great man agreeing with a humble man like myself, that smaller industries ought to be protected. Sir, I want to make my position perfectly clear. We shall certainly protect all

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industries in this country, large or small, which we consider necessary, ~~subject to the fact that dividends ought to be controlled, the State ought to get its share,~~ the consumer's interests ought to be protected, producer's interests ought to be protected, and they ought not to compete unhealthily with small industries, especially with regard to cloth, I think we shall demand that there shall be some kind of arrangement by which the Indian mills and the handloom weaver and producers of Khaddar may come to some amicable arrangement.

And as regards the Honourable the Home Member, I want merely to tell him that his repressive policy still remains. Provincial Autonomy is supposed to be there. We in Local Governments would be supposed to administer law and order, except probably in Bengal. But the Criminal Law Amendment Act has been passed, in spite of the vote of the House on three occasions, and the criminal law remains as it is. I want to tell him that no Local Government will ever use this criminal law against the people, unless there is a real threat of violence to person or to property. You may keep these orders, but no Local Government is going to use them, unless there is really absolute need for using such powers. And, with regard to many respectable citizens, like Subas Chandra Bose and Khan Abdul Ghaffoor Khan, they are still kept under restraint. Our letters and telegrams are censored and tampered with,—I wonder why,—and books are prohibited. It seems to me that these are all indications of a repressive policy, which is wholly inconsistent with what they call provincial autonomy.

To the Honourable the Commerce Member, I want to say one word. I came to this House with high hopes of him. I had built high hopes on him. He is a public man who had played, by all accounts, a distinguished part in the Round Table Conferences. I was hoping that he would do something by his country,—but, Sir, he has been a tragic failure. He has been compelled to reduce the duties on British textiles, in spite of the verdict of the House against the Indo-British Trade Agreement. He has been compelled not to give any protection to the glass industry. In his attitude towards the P. & O. Co. over the question of the Dufferin cadets, he exhibited such an amount of pusillanimity, that I wonder whether I should get angry with him or pity him. For an Honourable Member of Government to say—he would write to them,—he would persuade them to take a few cadets in their employ, he would do his utmost and so on,—is simply ridiculous. Have things come to such a pass, Sir? I would rather be a dog and bay at the moon, than be such a Member of the Government of India.

Then, in regard to the Indian Tariff Board, he has quietly abolished it. In connection with the Indo-Japanese Trade Agreement, his European Secretary went on with them. Again, what is happening to the Ottawa today? Mr. Jinnah moved a Resolution to do away with it, the House passed it by a huge majority, that you ought to terminate the agreement immediately and start a new one. What have you done? You have kept mum. Some non-official advisers are appointed to give advice, we are not told what is being done. Is it fair to the House to treat it in this fashion? Why don't you tell us what you are doing?

And, Sir, my Honourable friend, the Member for Health, Education and Lands, is not bothered about Health, Education or Lands,—they are all provincial subjects. The one subject of Indians abroad, in spite of his plausibility, his ability, his sweet manners, is still being discussed and discussed, while their condition is steadily deteriorating. The result is that Mahatma Gandhi is defeated by his Chief and by himself in the practice of "Satyagraha" or "non-violence" and peaceful methods in trying to persuade them. Only Mahatma Gandhi succeeds, and they fail.

Then, Sir, so far as the army is concerned, we have Mr. Tottenham with the British army, which is an army of occupation? I want to know whom they defend—India or British Imperialism? Then why not pay from your own pocket? I make this suggestion—stop European recruitment today, and, in thirty years at least, the army can be completely Indianised.

Then, what is your frontier policy? The other day, you said you had a new policy. You create enemies and you quarrel, and the same thing goes on from day to day. What are you doing there? What is the latest position? You keep us absolutely in the dark, with regard to your actions on the frontier. Therefore, Sir, looking at this Government and its administration of all their departments, their failure in every aspect of the administration, is clear. So far as we in this House are concerned, I suggest, Mr. President, as I read the Government in this House, they do not even pay us the courtesy and consideration that are due to us. Our votes are passed over, we pass adjournment motions, Resolutions, and cut motions, but nothing happens,—they go on, as if we do not exist at all. I put it to my friend, the Finance Member,—do the Viceroy's Executive Council ever sit down and put on their agenda the Resolutions and the votes passed by the House? Do they discuss them at all? Do they care to inquire about these things? They do not care to consider the effect of all these. They think we do not exist for them.

Then, Sir, one last sentiment I want to express. Have these elections no lessons for our friends opposite? All our enemies were there,—riches, wealth, corruption, rowdyism, communalism, and what not. They had all our enemies ranged against us, and yet they were defeated. Roughly two crores voted for us,—and we have got 711 members,—and don't these elections tell you that your days are numbered? Sir, our friends opposite came to this country as traders and as adventurers, they practically adopted all arts, they forged documents, they cheated us, they made us quarrel amongst ourselves, they followed all the arts of an unscrupulous conqueror, they made one Indian fight against another, they sat in our places, but, even after doing all these things, if they had done something to increase the material prosperity of this country, there would have been something to their credit. Our country was rich, though we quarrelled among ourselves. Does the Honourable the Finance Member know that his countrymen did not even know what cotton was? They were only wearing woollen garments; and until they came to this country they did not know what cotton garments were. They got cotton from my country,—they did not know until then how to use cotton, they found that the country was rich and prosperous and they made us quarrel among ourselves. And today, after 150 years of British rule, you are leaving this country very soon, which on the whole you have ruined. I have mentioned our poverty, our ignorance,

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our low standard of life, but what annoys me most is your hypocrisy. You pretend as if you love and seek to serve this country.

“Hypocrisy! Thy name is the Indian Bureaucracy!”

.. Sir, a great British Queen was made to say by a British poet:

“Rome, for empire, far renowned,  
Rome shall perish!  
Write that word  
In the blood she has spilt.”

Using the word “Britain” for “Rome”, I say:

“Britain, for Empire, far renowned,

Britain shall perish!

Write that word

In the hunger, the poverty, the ignorance, the sufferings and the  
hypocrisy,

That she has inflicted on the millions of this country.”

(Applause.)

**Seth Haji Abdoola Haroon:** I want to make a few observations on the Finance Bill. The Honourable the Finance Member has brought forward new taxes on silver and sugar on account of the deficit in the budget. The Government had been every year imposing more and more duties and taxes, either on customs or income-tax or in the shape of excise duties, and on the face of all that, a surcharge of 25 per cent was imposed in 1931, and it is still going on. But in spite of all that the position today is the same as it was in 1929. The income of the Government in 1929-30 without all these new taxes was Rs. 7,174 lakhs, and after all these enhancements in duties, the income is only Rs. 68 crores and some lakhs. The position is this after seven years of increased taxation you have not improved the financial position, and it proves that the policy of enhancing the taxes is very wrong. The figures that I have given are not mine, but they have been taken from the Explanatory Memorandum of the Financial Secretary at page 6, Table IV. When you have not succeeded in increasing the revenue by enhancing the taxation, why don't you look at the other side of the budget, that is, to reduce the expenditure of the Government? When the Government found difficulty in 1931, they imposed a cut in the salaries of Government servants to the extent of 10 per cent. But within two years thereof, they have removed it, whereas the other promises of the Government to reduce taxation have not been kept up. Cut the salaries by ten per cent, and you can meet your deficit. For the future reduce the scales of salaries of the Government servants, but if you increase the duties, you will get nothing but excitement in the country. If you want to reduce expenditure, I will suggest first of all a reduction in the cost of the forward policy on the North-West Frontier. We are spending 1,92 lakhs on the tribal area, 65 lakhs on Baluchistan, and we are losing about 2½ crores on the strategic railways. All these come to five crores, and I do not know how much more we are spending on the military on account of the forward policy on the North-West Frontier. On the whole, I think the

whole amount will come to not less than ten crores. You can save that amount and reduce the taxes. Mr. Satyamurti has just told the House that on account of the separation of Burma we are losing 2,83 lakhs. I want to know how much the Finance Member has reduced our military expenditure this year when there is so much less income on account of the separation of Burma. I find there is a reduction of only 61 lakhs whereas it should have been 94 lakhs. When a private firm finds its income reduced, its first duty is to cut down its expenditure, but in the case of this Government, they never do it, but come forward with fresh taxes. Is it fair, is it right that they should do this and not reduce their expenditure?

Now, I come to the new duties. Let me take, first, the enhancement of the duty on silver from two to three annas. When the Government reduced the duty, they said that on account of the exorbitant duty smuggling was going on all round, and, therefore, it was essential that they should reduce the duty. Now, when there is a deficit, the Government come forward with a proposal to increase the silver duty. I do not know whether smuggling is going on everywhere or not, but I am living in a place around which smuggling is going on not only in silver but in many other articles on which there are heavy duties.

Then, again, the Honourable Member came forward to increase the sugar excise duty—about 11 annas per cwt. Not only this. He gave reasons for it. I am hearing in this House and outside and also in some newspapers that Government have lost 10½ crores of rupees of sugar import duty, and, therefore, they are in difficulty. This is not correct. If you look at the income of the Government of India from sugar import duty, you will find that it is always varying up and down. In 1922-23, the duty was 4 crores 40 lakhs. In 1923-24, it was 3 crores 32 lakhs. At that time there was no protection nor excise duty. In 1924-25, 5 crores 76 lakhs. In that year instead of 25 per cent. duty on sugar they fixed Rs. 4 8 as. per cwt. At that year, the duty was increased on this account. Again in 1925-26, 6 crores 47 lakhs. In 1926-27, 7 crores and in 1927-28, 6 crores 51 lakhs. In 1928-29, 7 crores 77 lakhs. In 1929-30, 8 crores 69 lakhs. At that year, there was no protection Act, but in 1931-32, the revenue duty was increased from Rs. 4-8 to Rs. 6. At that time, Sir George Schuster said very clearly that they were increasing the duty for revenue purposes. Again there was a deficit budget in 1931, and the sugar duty was enhanced to Rs. 7-4. There also Sir George Schuster said very clearly that he was enhancing the duty for revenue purposes. He said, "The Tariff Board report is not yet out, but I learn that they are proposing Rs. 7-4 protection duty. I wanted to put Rs. 7-8 revenue duty, but when I heard about this report, I have put Rs. 7-4 duty." You will see from this that the Government of India have raised their duties not for protecting the sugar industry but for revenue purposes, and immediately the Tariff Board report came out, and they brought it as a revenue duty, and on account of the revenue duty, if you look to the sugar factories erected in this country, you will find from 1928-29 that there were 19 factories, in 1929-30 on account of the enhanced duty it went up to 40 and in 1930-31, it went to 46 and in 1931-32, when the Bill was not yet passed, the number went up to 69. After the Sugar Protection Act, you will find on account of the high revenue duty, the industry commenced to establish itself in this country and in 1933-34, many more factories have been erected. It is now about 146.

**An Honourable Member:** Will some of them go?

**Seth Haji Abdoola Haroon:** It will be increased. What the sugar industry has gained has remained for the benefit of the country but in 1930-31, about 16 crores of our money went out from this country.

**Mr. B. Das:** The money remained with you.

**Seth Haji Abdoola Haroon:** We will try to keep it and collect more money but I am now speaking about the other matter. This money which you say remained with me is with the cultivator.

**Mr. B. Das:** Not the cultivator.

**Seth Haji Abdoola Haroon:** Today on account of the excise duty they get 4 annas. Before that they were getting 6 annas and 8 annas. This money is distributed to the cultivators, in railway freight, to the labourers and to the educated employed men, and beside that the consumer is buying a larger amount of sugar today than before. If nobody checks this industry, the consumption will become double of what it is now. Why this over-production. I think, in 1934 when this excise duty of Re. 1 was put, Mr. Morgan suggested to Government that no more factories should be erected in the zones, and that the factories should be established by the Government, but they did not listen to it, and the Honourable the Finance Member is saying that "we want to put the excise duty", because he wants to regulate the sugar industry, and on account of this excise duty, the inefficient sugar factories will go away. His idea may be correct, but I think that according to present circumstances, instead of these factories going away, the cultivators will get less price for their cane than previously. All these excise duties which come up suddenly will fall on the shoulders of the cultivator, and I shall give you one instance only. Sir, up to the 15th of March, the U. P. and the Bihar Government price of cane was four annas three pies. Immediately they knew of the enhancement of the sugar excise, they cut down their price to four annas. They know that if they do not cut down the price the factory will compel them to stop earlier than usual, because they know very well that the factories themselves are losing. Therefore, they are paying a price after the 15th of March of four annas. And I expect the Government did it because otherwise the cane is there in the fields, and the factories are not willing to crush the sugarcane at present and I expect that from the 1st of April the Government will compel them to bring down the cane price from three and a half annas to three annas; otherwise the factories will be closed. So I inform my friend, Mr. Das, that if the Government do not accept the verdict of this House to reduce the excise duty, all this burden will fall on the cultivator: and, therefore, I would say that if the Government cannot agree to the excise duty being taken away entirely, then, I suggest that at least for this season, that is, for this crop, until this crop is over by the 1st of June, they should at least consider this point, *viz.*, to charge the duty instead of from the 1st March, from the 1st of October, and then these cultivators will get a little relief. Sir, there is a general saying that the acreage of cultivation has increased. Yes, that is correct. But I want to inform

Honourable Members that the cane cultivation has been going on since very many years, and the cane cultivation is more profitable today in this country than any other cultivation. Previously, the cane cultivation was confined to certain areas, but after the erection of these several mills in different areas, the cultivators commenced to cultivate the cane round about the factories, as the cane was thus more easily saleable to the factories, but all the while the cane that the cultivator has been cultivating in the interior of the country has still been going on, and I want to say that this cultivation has thus increased, because when you gave protection to sugar, and when you passed an Act fixing the minimum price for the cane, I think, the Government know very well,—or if they like, they can collect the figures from the sugar technologist—that those cane cultivators who were manufacturing *gur* were hardly getting benefit from protection. On account of this Act, since 1934 and 1935, the Government have fixed the price from five and a half annas up to four annas only as today; otherwise, last year, they were fixing no less than five annas, and those five annas were giving so much remuneration to the cultivator that every cultivator wanted to produce the cane instead of any other crop. So, Sir, if you want to give a little relief, of course, the sugar industry will suffer a little set-back for some time, but I warn the Government that in reality the excise duty will fall on the shoulders of the cultivator.

**Mr. B. Das:** That is your threat to the cultivator?

**Seth Haji Abdoola Haroon:** Because we, the industrial people, are so shrewd, and we know how to meet our difficulties; either we are going to stop our business, or we have to get a fair remuneration from the industry; otherwise we have to stop the mills. And if we stop the mills, then also the cultivator will suffer, because what will he do with his cane? He will probably then have to burn it. Sir, if we cannot make any profit, why should we take the trouble of running a factory? If we lose Rs. 1-8 per maund, how can we run a factory every year? We are running at a loss already. Now, Sir, I want to draw the attention of this House to this fact. This year the Government have lost about Rs. 155 lakhs through the import duty on sugar, whereas they got more money, than whatever was budgeted for, from the excise duty on sugar—about Rs. 85 lakhs. But for the last two years, 1934 and 1935, they had estimated an income of Rs. 2 crores and 5 lakhs, whereas the actual receipts were Rs. 3 crores 81 lakhs. For 1935-36, they estimated a revenue of Rs. 1 crore and 75 lakhs, and they got Rs. 3 crores and 25 lakhs. For the last two years before this, they were getting Rs. 175 lakhs more. Now at that time, whatever money they got they spent up according to their own sweet will. They did not consider the point whether next year the sugar duty would become less or more. Sir, whenever they get an income, they spend that away according to their own sweet will; and this year when they got about 110 lakhs less, they come forward with a new excise duty. If next year they get more money, again they will spend that away wherever they like. Sir, trade is after all a fluctuating affair. You cannot be certain. Next year the cane crop might be a failure and on account of that the sugar production may be less. Sir, I shall say one thing, and it is this that this industry is an infant industry, it is newly-formed, it has not stabilised itself yet, and yet every year one thing or another is being heaped upon the sugar

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industry; and on account of this mentality of the Government, the industrial people are very disheartened, and so they do not know whether they should utilise more capital or not, so as to improve the efficiency of the industry or the yield of the cultivation. But if you consider the matter ecologically, you might lose this year some money, but you will stabilise the industry, and that will give, especially this year, much help to the cultivators and some help to the industry, otherwise time will show that many mills will stop the crushing, and the cane will remain in the fields, and a great disaster will overtake the country. With these words, Sir, I oppose the excise duty on sugar.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 16th March, 1987.