

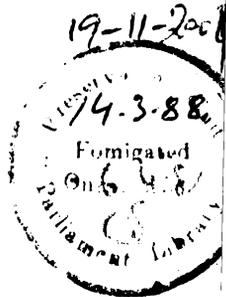
Tuesday, 30th March, 1937

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1937

(16th February to 8th April, 1937)

FIRST SESSION
OF THE
FOURTH COUNCIL OF STATE, 1937



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COUNCIL OF STATE.

Tuesday, 30th March, 1937.

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

MEMBER SWORN :

The Honourable Mr. Gurunath Venkatesh Bewoor, C.I.E. (Government of India : Nominated Official).

QUESTIONS AND ANSWERS.

TOWN INSPECTORS OF POST OFFICES.

82. THE HONOURABLE MR. HOSSAIN IMAM : (a) Will Government please state whether the status of Town Inspectors of Post Offices was raised to that of the lowest selection grade of Rs. 160—250 in September, 1927 and if not when was it done ?

(b) Will Government please state whether the lowest selection grade examination was held during 1931 and 1932 ?

(c) Was the lower selection grade examination abolished in the year 1932 and a new examination introduced in its place ? Is a Town Inspector who had to pass the old examination, by virtue of a circular of the Director General, dated 5th December, 1933, to pass the new examination, taking as many chances as were left to him after the abolition of the former examination ? When was the first examination (new) held ?

(d) Will Government please state as to how many chances were given to officials serving at the time of the abolition of the lower selection grade examination, and were they given any opportunity of passing the new examination before being reverted back to the ordinary clerical time scale pay of Rs. 145 per mensem ?

THE HONOURABLE MR. A. G. CLOW : (a) The date given by the Honourable Member is correct.

(b) No.

(c) The lower selection grade examination was abolished in 1932 but the new examination to which the Honourable Member refers was introduced only for appointments to the grades of Inspectors of Post Offices, Head Clerks to Superintendents of Post Offices and Inspectors, Railway Mail Service. The posts of Town Inspectors on selection grades of pay were converted to clerical posts on the ordinary time scale in 1933 and consequently this examination has no connection with these posts. Those officials who held permanent appointments on probation as selection grade Town Inspectors and who had not passed the lowest selection grade examination were permitted to appear at the new examination so as to make themselves eligible for transfer to the Inspectors' cadre. They were allowed as many chances

for passing the new examination as were left to them for passing the lowest selection grade examination under the orders then in force. The new examination was held in different circles at different times.

(d) I would refer the Honourable Member to the reply given to part (c). Officials who did not hold permanent appointments in the selection grade of Town Inspectors were not permitted to sit for the new examination.

CONFIRMATION OF MESSRS. M. S. CHAKRAVARTY, GIRWAR SINGH AND S. R. NAGAR AS TOWN INSPECTORS OF POST OFFICES.

83. THE HONOURABLE MR. HOSSAIN IMAM : (i) Were (a) Mr. M. S. Chakravarty, present Post Master, Kheri, Oudh, United Provinces, (b) Mr. Girwar Singh, Inspector, Post Offices, Meerut Sub-Division, United Provinces of Agra and Oudh and (c) Mr. S. R. Nagar, late Town Inspector at Allahabad in the United Provinces confirmed as Town Inspectors although they failed to pass the said examination as required of them, and were they confirmed on the plea that they had worked in the selection grade for over three years ?

(ii) Will Government please state whether substantial instances of corrections and entries in the service book, gradation list and establishment returns of officials have been ignored though they form an essential part of an official career ?

THE HONOURABLE MR. A. G. CLOW : (a) Government are not in possession of these particulars. Appointments of this character lie within the competence of the Postmaster General, and if any official has a grievance it is open to him to represent his case to the proper authority.

(b) A case has come to the notice of Government in which certain entries in the gradation list and in the service book of an official were not considered as authoritative as they were found to be in clear conflict with specific orders.

NAMES, ETC., OF TOWN INSPECTORS OF POST OFFICES WHO HAVE BEEN CONFIRMED WITHOUT PASSING THE NEW EXAMINATION.

84. THE HONOURABLE MR. HOSSAIN IMAM : Will Government lay a statement giving the names, dates, years of service of Town Inspectors in the lowest selection grade in United Provinces (a) who have been confirmed without passing the examination and (b) those who have been reverted together with the reason thereof from 1st January, 1932 to 31st December, 1936 ?

THE HONOURABLE MR. A. G. CLOW : I regret that I am not in a position to supply these particulars. They are not available either in my Department or in the Office of the Director General and their collection would involve an amount of research and labour which would be incommensurate with the results to be obtained.

THE HONOURABLE MR. HOSSAIN IMAM : Is the information not available in the Postmaster General's Office, United Provinces ?

THE HONOURABLE MR. A. G. CLOW : I think that if a great deal of research were made, it could be collected.

THE HONOURABLE MR. HOSSAIN IMAM : Is there no classified statement on this ?

THE HONOURABLE MR. A. G. CLOW : I understand " No ".

NUMBER OF INDIAN AND PROVINCIAL CIVIL SERVICE OFFICERS LENT TO INDIAN STATES.

85. THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL : Will Government be pleased to state the number of members of the I. C. S. and of the P. C. S. lent to and working in the Indian States ?

THE HONOURABLE SIR BERTRAND GLANCY : The required information is being collected and will be supplied later.

LOSS TO INDIAN REVENUES DUE TO EXEMPTIONS FROM INCOME-TAX.

86. THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL : Will Government be pleased to state the approximate amount of income-tax the Indian Treasury is losing by reason of exemption from the tax accorded to incomes—

- (a) arising from pensions and salaries earned by Government servants residing out of India,
- (b) earned by other persons residing abroad,
- (c) derived by persons residing out of India from interest payable in sterling ?

THE HONOURABLE MR. J. C. NIXON : (a), (b) and (c). It is not possible to make even an approximate estimate of the total amount involved. I would however remind the Honourable Member that class (c) is not an "exempted" class.

ENHANCEMENT OF POSTAL AND TELEGRAPHIC RATES BY THE GOVERNMENT OF BURMA.

87. THE HONOURABLE MR. NARAYANDAS GIRDHARDAS : (a) Will Government be pleased to inform this House whether before enhancing the postal and telegraphic rates the Government of Burma informed the Government of India of their intention to do so ?

(b) Do Government propose to apprise the Burma Government of the protest of the Indian community against the increased rates or what action have they taken or propose to take in regard to this matter ?

THE HONOURABLE MR. A. G. CLOW : (a) Yes.

(b) The Government of Burma are fully aware of the feelings of the Indian community in the matter.

CALCULATION OF BONUS ON POST OFFICE CASH CERTIFICATES.

88. THE HONOURABLE MR. HOSSAIN IMAM : Will Government kindly state whether interest on "Other Obligations" is calculated on accrual basis, or not ?

THE HONOURABLE MR. J. C. NIXON : I presume the Honourable Member is referring to bonus on Postal Cash Certificates. If so, I would invite the Honourable Member's attention to paragraphs 28—33 of Sir George Schuster's Budget Speech for 1929-30 and paragraph 24 of his Budget Speech for 1930-31, from which it will be seen that provision for bonus on Post Office Cash Certificates has been made on an "accrual basis" only from the year 1930-31.

STEPS TAKEN TO REMOVE DEFECTS IN THE INCOME TAX ACT.

89. THE HONOURABLE MR. HOSSAIN IMAM: Will Government kindly state what steps they have taken, or propose to take to remove the defects in the Income Tax Act which enabled the evasion of more than Rs. 2 crores, in the Andrew Yule case? Do Government propose to place in the Library the brief of this case?

THE HONOURABLE MR. J. C. NIXON: The action already taken to remove the defects in the Indian Income-tax law which were disclosed by the case mentioned consists of the addition of section 23A to the Act. For further action under contemplation, I would invite attention to section 3 of Chapter XII of the Income-tax Enquiry Report, 1936. The Government regret that they are unable to place in the Library the brief which was prepared for use in this case but will, if desired, place a copy of the Privy Council judgment in the Library.

THE HONOURABLE MR. HOSSAIN IMAM: Will you place the Privy Council judgment in the Library?

THE HONOURABLE MR. J. C. NIXON: I will, Sir.

BALANCES AT CREDIT OF SINKING FUNDS.

90. THE HONOURABLE MR. HOSSAIN IMAM: Will Government kindly lay on the table a full statement of the balances at the credit of the Sinking Fund, and how held? What were the credits to and debits from this fund during the last 16 years and what were the purposes of these debits?

THE HONOURABLE MR. J. C. NIXON: It is presumed the Honourable Member is referring to the sinking funds for central loans. If so, he will find the information in Account No. 89 of the Finance and Revenue Accounts of the respective years, copies of which are available in the Library of the House. These sinking funds are created from annual sums representing in the case of the 5 per cent. 1945-55 loan $1\frac{1}{2}$ per cent. of the issued amount and in the case of the 5 per cent. 1939-44 loan $1\frac{1}{2}$ per cent. of the outstanding amount, these two forming part of the sum charged to revenue for the purpose of reduction or avoidance of debt. The balances are to be utilised for the purchase and cancellation of the securities of these two loans when the market price falls below the price at which the loans were last issued.

THE HONOURABLE MR. HOSSAIN IMAM: Will the Honourable Member inform us what the balance of this fund was on 31st March, 1936?

THE HONOURABLE MR. J. C. NIXON: The uninvested balance will be found in the public accounts to which I referred here.

THE HONOURABLE MR. HOSSAIN IMAM: Is it Rs. 10.31 crores?

THE HONOURABLE MR. J. C. NIXON: I should require notice of that, Sir.

DUTIES OF THE CONTROLLER OF THE CURRENCY.

91. THE HONOURABLE MR. HOSSAIN IMAM: Will Government kindly state the duties of the Controller of the Currency now and in 1934? Do they propose to abolish this post, if so, when? If not, why not?

THE HONOURABLE MR. J. C. NIXON : I would invite the attention of the Honourable Member to the reply given on 17th September, 1935, in this House to his starred question No. 33. At the moment, the position remains much as it was on that date, but action has already been taken to distribute most of the remaining duties of the Controller of the Currency during the forthcoming year.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will the post of Controller of the Currency disappear in the coming year ?

THE HONOURABLE MR. J. C. NIXON : I am not prepared at this stage absolutely to guarantee that it will disappear on the 31st March next, but it is our present intention that it shall.

PUBLICATION OF AN ANNUAL REPORT ON THE LINES OF THE REPORT OF THE CONTROLLER OF THE CURRENCY.

92. THE HONOURABLE MR. HOSSAIN IMAM : Do Government propose to publish an annual report on the lines of the Report of the Controller of the Currency through the Department of Statistics ? If not, how do they propose to replace it ?

THE HONOURABLE MR. J. C. NIXON : I would refer the Honourable Member to the answer which I gave on the 4th March, 1937 to question No. 41 by the Honourable Mr. Govindlal Shivlal Motilal.

SOUTH AFRICAN MARKETING BILL.

93. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Did a deputation of the South African Congress wait on the Union Minister of Agriculture in connection with the provisions in the Marketing Bill which affect the economic future of the Indian community ?

(b) Did the Minister in replying to the deputation say, " Gentlemen, you must realise that you, Indians in South Africa, will ever be a tragic community, because of the temper and temperament of the people of South Africa. We have that temper and that temperament, because we are determined to keep this a white man's country " ?

(c) If the answer to (b) is in the affirmative, what action have Government taken to protect the rights of the Indian community ?

THE HONOURABLE KUNWAR SIE JAGDISH PRASAD : (a) and (b). The answer is in the affirmative.

(c) The main provision in the Bill, which would have affected the economic future of the Indian community adversely, had it remained unaltered, was section 19 (1)(a) which, as amended in Committee, sought to empower a Regulatory Board to refuse registration to a producer of a commodity the marketing of which it was authorised to regulate. Such refusal would have had the effect of prohibiting the sale, by the producer concerned, of the regulated produce. With the assistance of the Minister concerned, however, a further amendment has been made which makes refusal of registration by the Board appealable to the Minister. This should go a long way to allay the misgivings and, in practice, to protect the interests of Indian producers.

THE HONOURABLE MR. P. N. SAPRU : Has the Government of India made any representation to the Union Government in regard to the speech of the Union Minister of Agriculture ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : No, we have made no representation in regard to the speech.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : How is it that Government have made no representation against a speech which lowers the position of the Indian community ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Well, Sir, as I said, we saw a press report and I understand that the speech as reported in the press is correct, but we have made no representation in regard to the speech, though we did in regard to the Bill.

THE HONOURABLE MR. HOSSAIN IMAM : Do the Government propose to make a representation ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : I cannot at this stage reply to that. This question does not arise out of my answer and I cannot really say straightaway whether a representation will or will not be made. Honourable Members will recognize that in matters like this I cannot on the spur of the moment give an answer to a question about which I had no notice at all.

THE HONOURABLE THE PRESIDENT : I do not think any further questions need be asked after the Honourable Leader's explanation.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I do not quite understand the effect of your ruling. I should like, if you will pardon me, to request you to amplify it.

THE HONOURABLE THE PRESIDENT : The Honourable Member as Leader of the House has stated that he had no notice of this question and he is not in a position to reply on the spur of the moment, and that explanation is quite enough and applies to all questions you may wish to put in this connection.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, this matter does arise out of my question. We regard a protest as necessary to protect our community.

THE HONOURABLE THE PRESIDENT : He has already answered that. He said he has protested against the Bill but not against the speech. Will you proceed further ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The object of our question was only to protest against this supine attitude of the Government of India.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : I think the House will recognize that if my Honourable friend wanted a reply to that question he could easily have tabled a question and given me an opportunity of considering an answer. Here, on a supplementary question a new point is raised and I am supposed straightaway to give a reply on a very important

question. I think it is only fair that if my Honourable friend wanted a reply to that question he should have tabled it and given me time to consider the matter. The House will recognize that a supplementary question concerning a foreign Government, which does not arise out of the original question, is not one I can answer straightaway.

THE HONOURABLE THE PRESIDENT: The Honourable Member is a new Member and probably does not know the ruling which I gave last year in connection with the putting of supplementary question, and I must bring to his notice that supplementary questions are not to be put for the purpose of heckling the Member in charge or cross-examining him or to compel him to answer any question. Supplementary questions are only allowed in this House in order to clear up any ambiguity in the reply which the Honourable Member in charge has given. That is my decision. The Honourable Leader of the House is perfectly justified in saying that this is an entirely new question and ought not to have been allowed. I was going to stop the Honourable Member from even putting that question, but I thought the reply to one question would satisfy him and I now hold that I stick to my former ruling and no questions which do not arise out of the reply will be permitted in this House.

THE HONOURABLE MR. HOSSAIN IMAM: On a point of order, Sir. The question does arise. The statement is there, we have asked what action the Government propose to take. Part (c) says: "If the answer to (b) is in the affirmative, what action have Government taken to protect the rights of the Indian community?" Therefore we submit that the question had sufficient notice. However I would request him—

THE HONOURABLE THE PRESIDENT: You are not entitled to make a speech.

THE HONOURABLE MR. HOSSAIN IMAM: I am asking him to give us an assurance that he will inform us at a later date of the action they propose to take. The reply to part (c) may be deferred to a later date.

THE HONOURABLE THE PRESIDENT (to the Honourable Leader of the House): You are not bound to commit yourself in any way. You need not answer that question.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: What I am prepared to say is that the Government of India quite recognize the feeling of Honourable Members opposite and in any action that they may take this will be duly considered. Beyond that at this stage I really cannot give any further information.

THE HONOURABLE MR. HOSSAIN IMAM: Our trouble—

THE HONOURABLE THE PRESIDENT: I cannot allow any further discussion on the matter.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: We submit to your ruling, Sir, though you have made things very easy for the Government.

THE HONOURABLE THE PRESIDENT: I have to hold the reins fairly between non-official and official Members. It is not a question of making matters easy for one side only. As an old Member I am surprised that you should make a statement like that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, all that I can submit respectfully is that as a Member of the Assembly, I was always allowed to put such questions, particularly as it is very difficult to get full information out of the Government Members. If we are not allowed to heckle them I do not see how we can get any information on important points from the Members of Government who can always evade them.

THE HONOURABLE THE PRESIDENT: I am not concerned with what happens in the Assembly. I am presiding in this House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I submit to your ruling, Sir, though we may take another opportunity of placing again this question before you for your consideration.

SOUTH AFRICAN MARKETING BOARD.

94. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Will Government lay on the table a copy of those provisions in the Marketing Bill recently introduced in the Union Assembly which prejudicially affect the rights of the South African Indians who are engaged in agriculture or the distribution of agricultural produce?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: A copy of the Bill has been placed in the Library of the House.

APPOINTMENT OF DIRECTOR, PUBLIC INFORMATION.

95. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) When will the period for which the present Director of Publicity was engaged expire?

(b) Has the attention of Government been drawn to statements published in Indian newspapers to the effect that Government intend to appoint a non-Indian in his place?

(c) If the statement is correct, will Government state the reasons for deciding not to appoint an Indian as Director?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (on behalf of the Honourable Mr. R. M. Maxwell): (a) Mr. Stephens' contract expires on the 24th August next.

(b) and (c). I have seen the statements in the press. The question of appointing a successor to Mr. Stephens is at present under consideration and I am not in a position to make any statement on the subject.

APPOINTMENT OF HINDUS ON THE NORTH WESTERN RAILWAY.

96. THE HONOURABLE MR. HOSSAIN IMAM: (a) Will Government be pleased to state whether—

(i) 8 record lifters were appointed in the D. S. Office, Delhi recently and whether all of them are Hindus?

(ii) 37 gangmen were appointed by P. W. I., N. W. R. Ambala, and whether only three of them were Muslims. Whether the said Muslims were subsequently discharged and 34 Hindus retained?

(iii) All the persons recruited by the P. W. I., Kalka, N. W. R., for his gangs last year were non-Muslims?

(b) If the reply is in the affirmative, will Government be pleased to state whether the recruiting officers on State Railways have been made fully aware of the Government of India's orders on the subject and if so, what check has been prescribed for the non-observance of these orders and what punishment has been laid down for those who act contrary to the Government of India's orders ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I am collecting information and will lay a reply on the table of the House in due course.

AGRICULTURAL RESEARCH INSTITUTES AT PUSA.

97. THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA :
(a) Will Government be pleased to state what institutions financed by the Central or Provincial Government are now stationed at Pusa (Bihar) ?

(b) Is it the intention of Government to open any new institution at Pusa ? If so, what and when ?

(c) Will Government be pleased to state whether Pusa estate has been transferred to the Government of Bihar with full right to sell or lease out the property ?

(d) Is it the intention of Government to transfer the Sugar Cane Research Station now at Mussari (in Muzaffarpur District, Bihar) to Pusa ? If so, when ? In the event of transfer, do Government propose to dispose of the Mussari estate ? If so, whether by auction or otherwise ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) The Botanical sub-station of the Imperial Agricultural Research Institute is the only institution financed by the Central Government which is now located at Pusa. Information regarding any institution financed by the Provincial Government is not available.

(b) No. The second part of the question does not arise.

(c) The Pusa estate excepting the portion occupied by the Botanical sub-section of the Imperial Agricultural Research Institute has been transferred to the Government of Bihar. Of the whole estate a portion known as the New Area was originally acquired by Government and the full title to that property has been transferred to the Government of Bihar. The Government of India paid an annual mukarari rent on the major portion of the estate and have transferred to the Bihar Government such rights as they had over that land.

(d) Government have no information. The matter concerns the Provincial Government.

STATEMENT MADE BY THE HONOURABLE THE HOME MEMBER THAT MANY GOVERNMENT SERVANTS VOTED FOR CONGRESS CANDIDATES DURING THE LAST PROVINCIAL ELECTIONS.

98. THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY :
With reference to the statement made by the Honourable the Home Member in the Legislative Assembly about a week ago that many Government officials had voted for Congress candidates during the last election to the Provincial Legislative Assemblies, will Government be pleased to state what enquiries, if any, were made by Government to ascertain the facts and with what result ?

THE HONOURABLE KUNWAR SIB JAGDISH PRASAD (on behalf of the Honourable Mr. B. M. Maxwell): If the Honourable Member will refer to the Official Report of the debate in the Assembly on the 10th March he will see that the Honourable the Home Member merely stated that he had seen claims from almost every province that Government servants had voted for the Congress. There was no suggestion that Government had "enquired into the actual facts."

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY: May I know, after saying one thing in the House, how far it is open to him to change it later on before it is printed?

THE HONOURABLE KUNWAR SIB JAGDISH PRASAD: I have said that the Honourable the Home Member had simply stated that he had seen claims from almost every province that Government servants had voted for the Congress. This is what the Home Member, I understand, has stated in the Lower House.

THE HONOURABLE THE PRESIDENT: Honourable Captain Maung Aye, you have come late; you are not entitled to take your seat unless you take the obligation. You were not perhaps aware that 10-30 A.M. had been fixed for the proceedings of the Council to start. Will you please come and take your obligation?

MEMBER SWORN :

The Honourable Captain Maung Aye (Burma : General).

MOTION FOR ADJOURNMENT RE POSITION OF INDIANS IN THE REORGANIZED INDIAN MEDICAL SERVICE.

THE HONOURABLE THE PRESIDENT: Honourable Members, I have received from the Honourable Mr. Kunzru a notice of a Motion for Adjournment of the Council to discuss a definite matter of urgent public importance. His Motion for Adjournment reads as follows :

"I beg to give notice that after question time tomorrow morning I shall ask for leave to make a Motion for the adjournment of the business of the Council for the purpose of discussing a definite matter of urgent public importance, namely, the effect of the recently announced reorganisation of the I. M. S. on the future position of Indians in respect of it."

I am not aware whether the Honourable Member has given notice of this Motion to the Honourable Member of the Government to whose Department the Motion relates as required by rule 11 (2) of the Indian Legislative Rules as recently amended. This point is not so very material, as I would draw the attention of the Honourable Mr. Kunzru to the fact that the moving of this Motion today would seriously inconvenience the Council in its discussion of the Finance Bill which, it is common knowledge, must be disposed of finally before the 31st of March midnight. It is clearly impossible, if this Motion be made, for the Council adequately to discharge its statutory duties in respect of the Finance Bill. I propose in the peculiar circumstances of this case to leave over the question of the admissibility of this Motion until the

beginning of the first sitting of the Council after it has disposed of the Finance Bill. I can assure the Honourable Mr. Kunzru that the Chair will raise no difficulty in respect of the urgency of his Motion merely by reason of its postponement to a later date. I would also like to inform the House that in passing this order I am fortified by a ruling of my brother President in the Legislative Assembly given on the 19th March, 1932 reported in Volume III, 1932. On that occasion a notice of an Adjournment Motion was given by a Member when as a matter of fact under the rules governing the procedure of that House Budget Grants had to be put to the House at 5 p.m. that day. It was held by Sir Ibrahim Rahimtoola that it was not manifestly possible to have the Adjournment Motion and also secure compliance with the rules relating to Budget Grants. Pandit Kunzru's Adjournment Motion today in principle is not different from the ruling which I have indicated above and I propose to follow the same procedure which was then adopted and which has my full agreement and approval. I hope the Honourable Member is agreeable to the course I have suggested which will secure for him exactly the same rights for his Motion as he would have had today and will at the same time preserve the rights of the Council in respect of the Finance Bill.

STANDING COMMITTEE FOR ROADS, 1937-38.

THE HONOURABLE MR. A. G. CLOW (Industries and Labour Secretary) : Sir, I move :

" That this Council do proceed to the election, in such manner as the Honourable the President may direct, of three 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.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways) : Sir, I move :

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

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : With reference to the two Motions which have just been adopted by the Council, I have to announce that nominations to each of the two Committees will be received by the Secretary up to 11 A.M. on Wednesday, the 31st March, 1937 and the date of election, if necessary, will be announced later.

INDIAN FINANCE BILL, 1937.

THE HONOURABLE MR. J. C. NIXON (Finance Secretary) : Sir, I move.

" That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the excise duty on sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, in the form recommended by the Governor General, be taken into consideration "

[Mr. J. C. Nixon.]

Sir, the Finance Bill for 1937-38 unfortunately comes before the Council in a recommended and certified form. I need not proceed

11 A.M. on the assumption that the Members of this Honourable House are unaware of what has been taking place outside. The position at the moment is that there is a gap between the revenue and expenditure proposed by the Government of India for the forthcoming year of approximately Rs. 160 lakhs, and I think I am right when I say that this is not the House which will stand for a deficit budget and for its necessary consequences. The substantial proposals in the Bill now before the House are two—first, to increase the excise duty on sugar by 11 annas a cwt.; secondly, to raise the import duty on silver from 2 annas to 3 annas an ounce.

Little has been said about the second of these proposals and I wish to say nothing in the matter except that when one hears talk of this being a proposal to tax the savings of the poor I must say again that an increase in the import duty on silver raises the rupee value of the silver which is already in the country in the form of savings.

It is around the proposal of Government in regard to sugar that controversy has mostly raged and I wish to put before the House a certain number of considerations on that subject. I have had set out on the chart which is before me certain very interesting features. The chart gives the prices of imported sugar for the period from 1932 onwards at the same time as it gives the prices realised for Indian manufactured sugar over the same period. And there are two conspicuous conclusions which I can draw from this chart. Since September, 1932 the price of Indian sugar has uniformly kept under—and an average of a rupee per maund under—the price of imported sugar, which being translated means that the sugar industry of India has, whatever may be the reason, failed to take full advantage of the protective legislation designed for it. The results of this have been three-fold. The consumer has unquestionably got a benefit from it in being able to buy sugar roughly speaking one rupee a maund below what was designed to be its price by the Indian Tariff Board. In the other direction the industry itself has suffered a disadvantage from this fact inasmuch as it is not realising the prices designed for it and is therefore not realising the profits which it might. And I think it follows from what I have just said that this state of things is also to the disadvantage of the cultivator. The second fact which this chart brings very prominently to notice is this, that every crushing season—and the crushing season occupies practically the last quarter of each calendar year—there has been over the last five years a sudden fall in prices of Indian sugar. A small portion of this drop in prices has been made up over the subsequent course of the year but not the whole of it and the fall of prices in the last season from say November, 1936 has been almost catastrophic, amounting as it does to about Rs. 2 a maund. And I should point out that practically the whole of this drop occurred before the Budget proposals of Government were known and in fact since these proposals were known the fall has tended to become arrested. Now, Sir, the cause of the second result brought out by my chart is obvious to most people. It is in the beginning of the crushing season that the new mills that have been being built in the months previously are able to obtain supplies of cane and so to produce sugar and to put the sugar on the market. Since 1932 the price of sugar in the Indian market has fallen roughly by Rs. 4 a maund. Nobody will, I think, contend that that fall represents the increasing efficiency of the industry. That there has been an increased efficiency of the industry I do not deny. The price would have fallen somewhat in consequence and that I do not deny; but the main fall of Rs. 4 a maund over these four years or so

is not caused by that circumstance. If the increasing output of Indian mills had been merely taking the place of imported sugar or if on the other hand it had been meeting an increased internal demand in India there is no reason to believe that there would have been this serious fall of prices.

What then is the cause of the fall in prices? Apparently the industry itself has no doubt about it. The industry itself has frequently said that it is due to unhealthy and unbusinesslike competition occurring in the industry. The industry itself is thoroughly aware that this state of things is inimical to the stability of the industry. It has itself made various attempts from time to time to arrest this fall of prices but it has not been able to succeed. The least sound mills naturally force the pace. They reduce the selling price of sugar and in consequence reduce the profits of the sounder mills. And by reason of this fall in the price of sugar sold in the market the cultivator naturally suffers. For there is this proposition which I would wish to put before the House for its consideration and that is that the best guarantee of a reasonable price for his cane to the cultivator is that the miller is getting a reasonable price for his sugar.

The competitive cutting of prices during the last season has gone so far that to my personal knowledge some sellers have sold their sugar taking upon themselves the risk of any such budget proposals as occur in the Bill before us; although, as Honourable Members are aware, under the law the liability for such a modification in the Government tariff arrangements unless contracted out of previously falls upon the buyer.

I suggest, Sir, that, in regard to the crop which has just been marketed the cultivator has been unaffected by the Government proposals. His crop was to all intents and purposes already sold before the Government proposals were known. If the cultivator is going to be affected at all he will be affected in the ensuing season beginning from about next September. But I do suggest also, Sir, that the cultivator in regard to the prices which he is liable to realise for his cane will be very much more affected by the two rupee drop in prices which has occurred during the last three or four months than he will be by the imposition of an equivalent 8 annas per maund increase in the excise duty. And I suggest, Sir, that he will also be very seriously affected if in September next there is a repetition of the spate of new mills coming into operation creating a further fall in the price of sugar. What the cultivator requires are two things. He requires that his crop should be purchased, and he requires that his crop should be purchased at a reasonable price. The price payable for cane depends in the last instance on the price obtained for sugar, and the headlong competition of weak and small and inadequately financed mills reducing the price of sugar will, and necessarily must, affect the price obtained by the cultivator for his cane. In fact, I personally wonder whether at the present moment the cultivator is realising for his cane the minimum price designed for him under the various pieces of provincial legislation.

If the excise duty is not passed on to the consumer, that is to say, if it is borne by the industry itself, it is evident that there will be no decreased demand for Indian sugar. It is evident, therefore, that there will be no decreased demand for cane, and therefore, in regard to the quantity of cane which the cultivator will sell to the mills, the excise duty if it is not passed on to the consumer will have no effect. But I venture to go further than that. I say that even if the excise duty is passed on to the consumer—and I sincerely hope and believe that it will be—even then, there is no reason to suppose that there will be any diminished demand for Indian sugar or any diminished demand for Indian cane. For, only a few months before, the consumer of

[Mr. J. C. Nixon.]

Indian sugar was paying Rs. 8-12-0 a maund against Rs. 6-5-0 and Rs. 6-6-0 at the moment. Five years ago he was paying Rs. 10-8-0 a maund. Four years before that he was paying Rs. 11 a maund. And after all, what does the increased excise duty amount to? It amounts to 1 anna extra on a bag of five seers of sugar, and knowing the class of society which buys the fine sugar produced by the Indian mills, I do not believe that this is going to have any influence at all on his consumption of Indian sugar. In fact, the conclusion which I draw is that excise is not a factor in itself which will affect the demand for cane.

Neither, Sir, do I believe that a reduction in the growth of the number of mills or even a reduction in the existing number of mills will mean a reduction in the demand of cane from the cultivator. For it appears to be perfectly evident that a fewer number of mills than are operating at present could readily deal with the whole quantity of cane necessary for manufacture by working to fuller capacity.

It is another question altogether whether India's sugar consumption can keep pace with the present increase of the crop of cane. That is quite an independent question with no connection at all with the question of excise duty. Any over-production of crop will naturally tend to depress prices but I do lay emphasis on the notion that a low price for sugar will certainly mean a low price for cane. And I remind the House that it is not more than about one-sixth of the crop of Indian cane which finds its way into the Indian sugar mills.

Government believe that the imposition of this extra duty will discourage new mills coming into existence as quickly as they might otherwise have done. It may cause some of the less efficient mills to pass out of business. It will, therefore, in the judgment of Government, lead to a rise of the price of sugar to a point where the mills are able to take fuller advantage than they are at present of the protection intended for them. The mills obtaining a better price for their sugar will be enabled to pay a better price for their cane, and it is the belief of Government that all this can be accomplished without any diminution of the amount of cane taken by the milling industry from the grower. The indication is already that the prices of sugar are hardening and it can hardly be doubted that the proposals of Government in regard to the excise have been a contributing cause of that.

The situation being such as I have described it, with the internal price of sugar is at any rate Re. 1 below the price of imported sugar, and indeed at the moment Rs. 3 below it, any suggestion that the present measure prejudices the work of the Tariff Board appears to me to be entirely irrelevant.

There is no doubt that the sugar industry has got to have a shake-out. There is no doubt, I think, even in the minds of the industry itself that this has to happen, and I suggest to the House, and I suggest to some of my particular friends opposite, that if the shake-out has to occur, it had better happen before vested interests have grown any larger than they are at present or otherwise the general taxpayer will be called upon to guarantee the capital and dividends of another overcapitalised, if not inefficient, industry.

I do not pretend that this proposal of Government is made for the sole purpose of reforming the industry, a reform which the industry has not been able to bring about, by the way, for itself. Government requires funds. The biggest item which has contributed to the present difficulties of Government is sugar. Government could have imposed taxation in an alternative

form which would have meant merely the transfer of money from the pockets of the taxpayer to the public exchequer. By proposing taxation in the form suggested in this Bill, i.e., by an increase in the sugar excise, Government have fortunately been able to attain two objects at one time.

In conclusion, Sir, I would point out that the money required by Government is not in order to finance additional expenditure at the Centre. It is not required to increase what my Honourable friends call the top-heavy administration. It is not required, at any rate in any measure, to increase the cost of the defence of India. It is required almost entirely to finance the provinces. And even so, the present deficit budget is the result of some anticipated improvements under Customs and Income-tax not having materialised as fully, or perhaps I should say as quickly as was anticipated by Government, a year or so ago.

Sir, I move.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Mr. President, I regret to find, Sir, that the Honourable the Finance Member has not shown us the courtesy of being present and listening to our speeches. I thought, Sir—

THE HONOURABLE THE PRESIDENT : I think he is coming later on.

THE HONOURABLE MR. P. N. SAPRU : I am glad to hear, Sir, that he is coming later on. But we should have thought that he would be present throughout the debate. The Council of State deserves better consideration, particularly as it is so eager to support Government on all occasions.

THE HONOURABLE THE PRESIDENT : Mr. Nixon is here. He will be taking notes for him.

THE HONOURABLE MR. P. N. SAPRU : This is the third occasion on which the Finance Bill has come to us in a certified form. Certification of the Finance Bill is becoming an annual affair and I regret to say that it has come to this, that the executive in this country can carry through legislation of a financial character only by the use of the affirmative powers of legislation vested in the head of the Government. An obvious comment on this state of affairs is that the Finance Department which has to shoulder the burden of responsibility for the financial administration of this country is clearly out of touch with public opinion as reflected in the Legislatures. I do not for a moment dispute the proposition that in a constitution such as ours the responsibility for finding ways and means for carrying on the administration rests with the executive which is responsible for the good government of this country to Whitehall. But if this is so, why have a Legislature at all? Why invite 60 Members of the Council of State to register your decrees? A constitution like the present one can work satisfactorily only if there is the will on both sides to approach their task in a spirit of reason and mutual accommodation. That the executive has the power under the existing constitution to pass legislation by certification is apparent to every one. Whether it should use that power indiscriminately without endeavouring in all possible ways to arrive at compromises with the Opposition groups is a different proposition altogether. I would say that it is possible for an irremovable and a non-Parliamentary executive, an executive which is responsible to the Legislature of another country, it is possible for even an executive like this to be a responsive executive, and our main grievance against the executive here is that it is not a responsive executive. That is the main consideration with me. That is the consideration which determines my attitude towards the Finance Bill.

[Mr. P. N. Saprū.]

Apparently the view now held is that the power vested in the executive should be used regardless of what the consequences of such indiscriminate use may be on public opinion in a country which is getting more and more impatient of autocratic methods of administration. The position taken up by the Finance Member—and I am sorry he is not here though Mr. Nixon is here to represent him—is this. Here is a deficit in the budget. I cannot obviously leave this deficit uncovered. It is not within my power to reduce expenditure. I have to finance the new constitution. I have to finance Burma. I have to finance the deficit provinces which we have created for various reasons, and therefore I must somehow balance my budget. I am strongly opposed to the suggestions of my Indian critics that there should be an export duty on gold and as I have to balance the budget I can only balance it by imposing such duties as I can in my wisdom approve of.

THE HONOURABLE THE PRESIDENT : Not he, the Government of India.

THE HONOURABLE MR. P. N. SAPRU : Well, Sir, the Government of India means the Finance Member and the Finance Member means the Government of India. I will substitute the words " Government of India " for " the Finance Member ". The attitude of the Government of India is, we are clear in our own mind that the duties that we are proposing touch only small sections of the population, vested interests—vocal no doubt—but quite able to bear the burden imposed on them ; and as for the Legislature, well, our experience is that we can never carry the Legislature with us, therefore why should we bother about the Legislature at all ? The Legislature is here just to destroy our good work, and the Government of which we are members is not responsible to the Legislature. It is responsible to Whitehall and it is the dictates of Whitehall that we must obey. The head of the Government has complete powers of affirmative legislation and we are not going to hesitate to advise the respected head of the Government to use those powers and ignore the ill-informed criticisms of our opponents. Well, Sir, they would say, We wish we had no Legislatures at all, but we have to keep up appearances in this country, maintain a show and stage a farce. Notwithstanding the Legislature we shall go along merrily, its co-operation or non-co-operation being immaterial. Now, Sir, it is this attitude of superior wisdom and cynical indifference to public criticism, whether that public criticism be right or wrong, that we on this side of the House strongly resent. If responsibility is yours and if you cannot divide that responsibility with us, then why consult us at all ? Why have a Legislature for registering decrees emanating from Whitehall and Finance Ministers who are responsible to the people of another country ? Why not then be straightforward and govern according to your lights without the paraphernalia of mock democracy ? But I would say, Sir, that even within the limits of the present constitution, it is possible for an executive to behave differently and to be responsive to the people of the country. The Central Legislature was given an elected majority so that it might have some opportunities of influencing the course of governmental policies and decisions. Do repeated certifications indicate that the object that the executive should allow itself to be influenced in an increasing degree by the Legislature is being observed in the spirit if not in the letter by the present advisers of the Government ? Who that has reflected over the course of events during the last few years can say that the constitution at the Centre is being worked in the spirit envisaged by the Joint Select Committee which reported on the constitution in 1919 ? Assuming that the balancing of the budget was essential for the interests of

India, what were the steps which the Finance Member of the Government of India took prior to the passage of the Bill to convince his critics that their proposals in regard to the sugar industry were right and that the Government were prepared to meet those critics to some extent at least? What were the steps that the Finance Member and the Government of India took after the sugar excise duty was rejected by the Assembly to come to some reasonable settlement with the Opposition groups before advising certification of the Bill in the form in which it was originally introduced in the Legislature? These are relevant questions, questions which must determine our attitude. Was it not possible for the Finance Member and the Government of India before resorting to certification to invite a few leading members of the Opposition groups to an informal conference and discuss with them the possibility of certain changes in the Bill, changes which would make certification less unacceptable to Opposition groups? Was there no other duty, or no other taxation, which the Finance Member and the Government of India could propose as alternatives to the sugar excise duty in order to balance the budget? The Finance Member is not prepared to budge an inch from the position which he has taken up in regard to the export duty on gold. The total amount of gold exported from the country has so far been in the neighbourhood of Rs. 263 crores. If a small duty on the export of gold had been levied, what would have been its yield? Would the yield have not been such as to enable us to cover the budgetary deficit? The Finance Member ignores our advice in regard to what we regard as an essential reserve for the country and yet he expects us to swallow the pill that is supplied, namely, an excise duty on sugar. It must be a strange phenomenon indeed if critics whose opinions are treated with open contempt were prepared to swallow the pill supplied to them by the Finance Member and the Government of India. If, Sir, there is to be co-operation, it must be mutual co-operation and even though you are not technically responsible to us, and even though these reserve powers may be constitutionally necessary because the executive is responsible to the Secretary of State and Parliament, yet there is nothing to prevent you, Government, from being reasonably open to influence by the Legislature and the grievance which we on this side of the House have is that you have not shown yourself reasonably open to influence by this side of the House. It is mainly for this reason that I would appeal to this House, and at all events to the elected Members of this House because situated as we are in this House we can never hope to carry through any proposal, to refuse to share the responsibility for a measure which has been put before us in a form which we cannot alter. Sir, we are a revising Chamber and before we give our assent to a measure which over-rides the wishes of a popularly elected House we must be convinced that the other House was wrong and that there was no alternative for the Government but to take up the attitude which it has taken. If we think that there were alternatives open to the Government, then we ought to refuse our support to the Bill in the shape in which it has come before us. I would say that there were at least two alternatives open to the Finance Member after the sugar excise duty had been rejected and other changes made in the Bill by the other House. First, he could have called into consultation leaders of non-official parties and said to them: "Well, have you any constructive suggestions to offer in regard to the method by which I must balance the budget? I am prepared to accommodate you to the extent that I indicate. Now, how far are you prepared to accommodate me and help me in the task of restoring the budgetary equilibrium?" The onus, Sir, in that case would have been on the Opposition groups and if they had acted unreasonably, he would have been in a much stronger position than he is now. If an informal conference of this character had broken down, he could have gone forward in his own way and have had the measure certified.

THE HONOURABLE THE PRESIDENT : Can you give me an instance of any such precedent in the history of Europe or India ?

THE HONOURABLE P. N. SAPRU : I do not know all the history of Europe. Is there any instance in the history of the world where one great country governs another great country ? So precedents have to be created. We cannot always—

THE HONOURABLE THE PRESIDENT : I am referring to your consultation between non-official Members and Government between the stage of the Bill being thrown out in one House and before the Bill goes to another House.

THE HONOURABLE MR. HOSSAIN IMAM : There was consultation in the Assembly in 1932 when Sir George Schuster was the Finance Member.

THE HONOURABLE MR. P. N. SAPRU : May I answer this question in this way ? After the Bill had been rejected by the other House, the Bill had to be certified by the Governor General and I am speaking of this interim stage—the stage after the rejection and before certification. My point is that before certification was resorted to, some informal conference, some informal negotiations, ought to have been held and the specific grievance is that these informal conferences, these informal negotiations were not held. I would say therefore that the attempt was worth making and he did not make it.

The second alternative—and I stress this alternative before you—was to come to this House after the measure had been rejected with the measure as passed by the Assembly and move amendments in this House for restoration of those clauses which had been rejected by the other House. Here in this House Government has a majority and it would have been possible for Government to carry through these proposals. After having got his proposals through the House the Finance Member could have taken the Bill to the other House and given them a further opportunity of reconsidering the matters in the light of the discussions in this House, and if they had even then declined to reconsider their attitude, then I say the Finance Member could have had the measure in that case either certified or considered at a joint sitting of both Houses.

THE HONOURABLE THE PRESIDENT : Is such a procedure provided under the Government of India Act ?

THE HONOURABLE MR. P. N. SAPRU : On my reading of the Act there is nothing to bar this procedure.

THE HONOURABLE THE PRESIDENT : No, when there is an express provision ordaining certain things to be done, that express provision means that it bars other procedure.

THE HONOURABLE MR. P. N. SAPRU : I do not quite follow your point, if I may say so respectfully. I think, Sir, the procedure of joint sessions is contemplated in the Government of India Act and certification can be resorted to at any stage.

THE HONOURABLE THE PRESIDENT : Now you are on better ground. But you suggested that the Government should come and ask this House to restore the Bill in its original condition.

THE HONOURABLE MR. P. N. SAPRU : Yes, Sir. remember one instance. There was a Bill before this House, the Payment of Wages Bill. Certain amendments were effected. What happened after those amendments had been accepted by this House? The Bill went to the Assembly and the Assembly accepted those amendments. Sir, so far as I know there is no distinction made in the Government of India Act between money Bills and other Bills. I am not going into the question whether a Second Chamber ought to have any powers in regard to money Bills. I hold the view that a Second Chamber ought to have no powers in regard to money Bills.

Well, Sir, the procedure just outlined by me may be subjected to the criticism that it is dilatory and cumbersome. But, Sir, on reflection I think the House will agree with me that a few days' delay would not have mattered very much and in any case it would have been open to less objection because it would have been less autocratic and more in harmony with the principles which ought to guide a Government which professes to have discarded the methods of militarism and autocracy. But this is not, Sir, what the Finance Member has done and therefore he and the Government of which he is a member have laid themselves open to the charge that they attach no importance to criticisms in this House and that their attitude always is: Well, we know best what is good for you. If you don't care for our advice then we are not prepared to reason or argue with you. That, Sir, I would say, is an unreasonable attitude for Ministers of the Crown to take and therefore, Sir, it is not the merits of the Finance Bill alone which determine my attitude towards it. My attitude towards the Finance Bill is determined by certain broader political and constitutional issues to which I have invited the attention of the House.

Sir, passing on from these broader constitutional and political issues to the merits of the Finance Bill I would say that, even so far as the merits are concerned, there is much that can be said against the actual proposals which have been put forward by the Finance Member. First in regard to this budgetary deficit. Why should we help you to cover up a budgetary deficit which is your own creation? This budgetary deficit is due in part to a deficit in the new provinces which you have created. This budgetary deficit is due in part to a constitution which you have imposed upon the country. This budgetary deficit is due in part to the separation of Burma and to unjust distribution of burdens between Burma and India. Well, Sir, this budgetary deficit, we would say, is the result of the restoration of the salary cuts at a time when the country had not recovered completely from the effects of depression. Well, Sir, are we, in view of all these circumstances, bound to help you, to support you to restore this budgetary deficit? Why should we, when we differ fundamentally from you in regard to these broader constitutional, political and economic issues, come to your rescue and help you to restore a budgetary deficit? Now, Sir, holding these convictions, holding that retrenchments both on the civil and the military side are possible, that you could have pursued a different economic policy, and in regard to constitutional matters, holding these convictions, we are not bound, Sir, to support you and it would, indeed, Sir, be strange if we were to support you.

Then, Sir, a few words on the merits of the Finance Bill. First about this sugar excise duty. Sir, the incidence of this tax will be explained by Mr. Kunzru and my friend Mr. Hossain Imam, who are financiers, much more ably than by myself. But, Sir, to an observer who has no claim to be a financier it does strike one as odd that the excise duty should be enhanced just before the Tariff Board inquiry into the sugar industry. Sir, I am not a supporter of vested interests but I want to ask myself this question: Is a proposal in the interests of an industry which has benefitted the country, which has benefitted

[Mr. P. N. Saprú.]

the cultivators in my part of India? Sir, the Tariff Board will have to consider the question of this duty in all its aspects and by proposing an excise duty at this juncture are we not prejudging the findings of the Tariff Board. Sir, the sugar industry was given protection in April, 1932 for a certain period. Is it not a breach of faith then on our part to impose a fresh burden on the industry in face of opposition from the industry before the position in regard to the industry has been considered by the procedure which has been laid down for protected industries? Therefore, Sir, I would say that one fundamental objection is that the duty is bound to prejudice the findings and work of the Tariff Board in regard to the sugar industry. The Tariff Board will have to look into the whole question and pending such inquiry an excise duty which will have the effect of increasing the cost of production and weeding out inefficient units—my friend Mr. Nixon admitted that some inefficient units would probably be weeded out—is not justifiable. Sir, the increase proposed is 11 annas and the excise duty would not stand at Rs. 2 per cwt. Now, the protective duty originally levied was at Rs. 7-4-0 per cwt. Then, Sir, by a surcharge this protection was further increased by 25 per cent. and therefore the duty stands at Rs. 9-1-0 now. Now, the position at present as far as I have been able to understand is that Indian sugar which was selling at Rs. 14 is selling at Rs. 10-8-0 in Calcutta and Bombay. It was selling at Rs. 13-8-0 last year. Now, Sir, this excise duty will have to be paid in cash. It will be deducted in cash from this Rs. 10-8-0 which is the price at which sugar is being sold in Calcutta and Bombay. Therefore, the manufacturer will get Rs. 8-8-0 and if my figures are correct the cost of production is anything between Rs. 7-8-0 and Rs. 8 per cwt. The profit left to the manufacturer therefore is anything in the neighbourhood of eight annas to a rupee. In calculating the profits, Sir, we must take into consideration depreciation and interest. Therefore, Sir, the result that one apprehends is that in the majority of cases these factories will not make any profits. The fact of the matter is that the price of sugar is so low that many of the factories are unable to work at a profit. In other words, sugar is selling at a price unremunerative to the producers. Sir, it may be, and I am quite prepared to concede, that there is unhealthy competition in the industry and that there are inefficient units whose costs of production are high. But all these are fit matters for enquiry by the Tariff Board. There is nothing to prevent the Tariff Board from laying down that the grant of protection for a further period should be conditioned on a reorganisation of the industry on a voluntary basis if possible, on a compulsory basis if impossible. That is to say, there is nothing to prevent the Tariff Board from recommending compulsory rationalisation for the industry, and that is the proper remedy for the present state of things, not this duty which you are imposing, not as Mr. Nixon himself admitted in the interests of the industry only but because you want to increase the revenues in order to cover up your budgetary deficits. Sir, a particular rate of excise duty can be justified only on the ground that the industry can bear it in the sense that it would not have the effect of immediately leading to a stoppage of a large number of mills. The whole question of the imposition of an excise duty should be viewed in all its aspects and not from the financial point of view only. There are two aspects which I would like to stress. One is what I would call the industrial aspect and the other is what I would call the human aspect. So far as the industrial aspect is concerned, I would say that if the industry cannot bear the additional amount, a large amount of organising ability and capital in the industry will be thrown out of work, and that would certainly lead to an economic loss to the country. So far as the human aspect is concerned, I would say that a part

from the fact that the labour employed in the sugar industry will be thrown out of work, there is the very important question of the effect on the cultivator of the stoppage of sugar mills on a large scale. I ask this question, "Will the cultivator be in a position to sell his crops to sugar factories at minimum rates fixed by Government?" Sir, our fear is that he will have to sell his crops at lower prices. This will mean loss to the cultivator and this will have inevitable reactions on the area to be cultivated next year. Sir, some people also apprehend that if mills close, there will be agrarian and labour trouble and we do not want to have agrarian and labour trouble at this time.

I shall now pass on to another subject. The Finance Member—

THE HONOURABLE THE PRESIDENT: You have already spoken for nearly 40 minutes. There are several other speakers.

THE HONOURABLE MR. P. N. SAPRU: I will take only another five minutes, Sir. I will be as brief as possible. The Finance Member said that there had been a loss of revenue from imports on account of this sugar protection. There are certain factors which the Finance Member has omitted to take into consideration. The first is the income from the import duty leviable on machinery imported for sugar plants. Then he has omitted to take into consideration the duties leviable on spare parts which are continually being imported. Then he has also omitted to take into consideration the income from income-tax and super-tax on sugar factories. Lastly, Sir, he has omitted to take into consideration the fact that the sugar industry has enabled the cultivator to get good prices for his products, that it has increased his purchasing power, and that the increase in purchasing power is bound to reflect itself in increased imports and that these increased imports will mean increased revenues for the country. These are factors which he has omitted to take into consideration in considering the question whether the protection to the sugar industry which has resulted in apparent diminution of revenues has done good or has not done good to the country?

Passing on from the sugar duty to the silver duty, I would very briefly indicate my attitude. I am opposed to the duty on silver also. Sir, gold reserves have been depleted. Our people are in the habit of holding their money, if they have any money, in silver. This duty will make the price of silver higher. The poor cultivator will not be able to invest his savings in silver. Silver acts as a sort of non-interest paying bank for him. Of course, those who have silver already will benefit, but our great difficulty is that the reserves have been depleted. The cultivator has passed through a period of intense depression, and he has not much silver left with him. Therefore, the number of those who will suffer by this increase in the silver duty will be larger than those who will benefit by it.

There is just one other matter to which I should like to make a reference before I close. I should have liked to speak at some length on it but as time is short I will not weary the House by making long observations on it. That is the question of the ratio. The Finance Member is satisfied that the rupee is not under-valued. If he is quite so sure of his position, then why not have an enquiry into the question of the ratio now? In the preamble to the Reserve Bank Act we find that the present ratio is regarded as a temporary ratio. How long is it going to be a temporary ratio? There is an enquiry foreshadowed in the preamble of the Reserve Bank Act on this question of the ratio. When are you going to have this enquiry?

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Then, Sir, so far as the poor are concerned, there is no relief for them in this Bill. We all stand for the two pice postcard because we wish to make the life of the villager more cheerful. We wish the countryside to be opened up. Sir, I wish it were possible for us to take an optimistic view in regard to the economic future of the country. The Finance Member looks upon the rise in exports as a sign of permanent recovery. Now, so far as we are concerned, we hold that this rise in exports is due to the armament activity abroad. This rise in prices is due to the war scare and the growth of the armaments industry. The rise of exports may be beneficial to India so far as the balance of trade is concerned, but a truer measure of economic recovery would be the position in regard to imports. There is no indication that our imports are also increasing. Therefore, the last thing I would like to say is that there is need for new economic adjustments in this country. There is need for planned effort at economic development in this country. Our population is increasing at a tremendous rate. How are we going without some planned effort to feed that increasing population? We have to look at these financial questions from the point of view of the common man. We want to give the common man in this country a healthy existence and a decent standard of living. We want to help the common man; we stand for the social service State, and I find that the social service State will not be helped by this Finance Bill.

Sir, for the reasons that I have indicated, I consider it my duty to oppose the Finance Bill.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir, it is a blunder of the greatest magnitude on the part of the Government that the Finance Bill has been brought to this House in a certified form against the clear popular verdict on the measure in the other House. Constitutionally this step perhaps may be justified, but politically it is a deliberate insult to the public opinion of the country and smacks of despotism of the Czarist Russian type. The constitution was framed, we were told, to voice the opinion of the people through their representatives, but if this is the use you make of the constitution, the less you speak of democracy, the better. In fact your actions and your professions are poles asunder. Sir, for us who from conviction have supported Government through thick and thin during the last 30 years, when they wanted to govern, sometimes through the help of laws which even in the Middle Ages would have been considered shameful, sometimes through martial law which is the negation of all laws and at other times through Ordinances and forfeiture of private funds and institutions, but are now left in the lurch because we have been friends, the Government have made it difficult for us to side with them any longer. The cup of our helplessness and misery is now full to the brim. The saner and soberer elements in the society are, it appears, no longer taken into the confidence of the Government and the Government have begun to truckle to the extremist sections of the country neglecting altogether their erstwhile supporters. But still we who have a stake in the country and would not willingly sever the British connection cannot but press upon the Government that their administrative measures of late have been alienating the sympathies of all sections of the country by the unwisdom of their policy. Sir, it is clear from the cards that the bureaucracy can no longer rule this country on its own title and that the Congress ideology is the national ideology in the sense, that even

though men of moderate thought do not agree with the Congress methods, they certainly stand for the immediate achievement of Dominion Status as adumbrated in the Statute of Westminster. The governmental measures of the last 150 years have been weighed in the balance and the Government of the country has been found wanting at every stage. What with education of the people, what with industrial development of the nation, what with the agricultural improvement of the countryside—

THE HONOURABLE THE PRESIDENT : You are not speaking on the Finance Bill at all.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : He is putting grievances before supply, which is a well recognized principle in all Parliaments.

THE HONOURABLE THE PRESIDENT : The Honourable Mr. Sapru took 45 minutes to explain his grievances and the Honourable Member is again repeating what has been said.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Perhaps it may be said in fairness to Mr. Sapru that he dealt very largely with the financial question and that the other question which he dealt with in the beginning was a constitutional one and not an administrative one.

THE HONOURABLE THE PRESIDENT : Probably the Honourable Member does not know the rulings of my predecessors. When the Finance Bill came before this House they used to strictly confine Honourable Members to the contents of the Finance Bill. But during the time that I have been President of this Council for the last five years I have shown greater indulgence and latitude than my predecessors allowed, and I brought this matter to the notice of Honourable Members last year and said that though I would permit them to some extent to deal with other matters remotely connected with the Finance Bill, yet there were limits on the day when the Finance Bill comes for discussion before this House. I have got the ruling here but I do not wish to read it again to the House. But I hope Honourable Members, in view of the paucity of time, will confine themselves as far as possible strictly to the Bill itself. They have a field day on the Budget Discussion when they are allowed to discuss the financial position from every possible administrative aspect.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA : The plea put forward for bringing the Finance Bill is the balancing of the financial budget. I believe that further taxation is necessary for balancing the budget when there is a deficit, but do they believe that in the process of balancing their financial budget they are losing sight of their political budget in which the deficit is daily and yearly getting wider and wider and nothing but a wholesale overhauling of the political outlook will bridge over the great gulf. This is being created by the unimaginative and wanton policy of the executive. If the Government had duly acceded to the popular outcry and partially yielded to the popular demand by accepting some of their suggestions, the situation that they have engendered by setting at naught popular wishes would have been averted. The deficit that would have accrued would have been made up either by levying a duty on gold going out or by a surcharge on income-tax or by means of a salary cut on high wages.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I rise to oppose the consideration of this Bill with a very clear conscience and a full sense of responsibility to my electorate. I do not share the regret of my Honourable friend Mr. Sapru at the absence of the Finance Member here, because India knows what he has to say and he knows what India has to say about his management of the finances of this country. Nor do I share with him the regret that a different procedure was not adopted to bring the Bill before us to ascertain our wishes and to take it back to the Assembly with the opinions expressed in this House, because we know that notwithstanding the opposition of a few of us on this side who share the views of the Opposition Members of the Assembly, still there is not the slightest chance of making any alteration in the Bill or making any impression on the Government. My friend the Honourable Mr. Sinha thinks that the Government have not shown any political wisdom in not placating the more moderate elements in this country and have thus given a freer scope for the play of extremist elements in the politics of this country. But I wish to assure him that the Government are always very careful not to placate either the moderate or the extremist. They are adepts at playing one off against the other. Therefore he need not regret that the Government have not placated the moderates. They will neither placate moderates nor the extremists, but use the extremist against the moderate and the moderate against the extremist to serve their own purposes.

Sir, I mean to strictly observe your ruling that on occasions like this we should confine our attention more to the financial aspects of the Government's administration than to its general administration. Of course, the scope of our criticism will not thereby be diminished, because in the field of finance the misdeeds of the Government of India are more glaring than even on the political side. When we say that the Government here is out for exploitation of India or is capitalistic or is a supporter of British imperialism, and that its agents here are merely the agents of British trade, commerce and industrial interests in London, it is strongly resented. I almost upset the equanimity of the Finance Member when I spoke on the budget in the general debate and he characterised my statement that he is the British agent here, as a terminological inexactitude, because he was in search of a Parliamentary phrase instead of calling it a lie. But I make bold to repeat that statement today and I am prepared to prove that the budget and the Finance Bill placed before us unmistakably make out that he is the agent of British interests in this country and not the agent of the Indian people. It has been for a very long time a favourite pastime with the official Benches to twit the non-official Members with the remark that we on this side are irresponsible critics of the Government, our opposition is sterile opposition, our attitude is one of non-co-operation and that the Government never derive any constructive assistance by proposals put forward from this side. Assuming that the charge was true, I justify it, because as my Honourable friend Mr. Sapru said that the well-known maxim redress of grievances before voting of supplies is observed in all countries and if you in this country have gone on piling up our grievances instead of redressing them, we on this side will be justified in throwing out the Finance Bill each time it comes before us without assigning any other reason than that our grievances have not been redressed, and therefore you are not entitled to a voting of supplies. But that is certainly not the attitude which non-official Members in the other place have taken, nor we in this House propose to take on this occasion. We have put forward reasoned alternative proposals for balancing the budget and we have also levelled considered criticism at the taxation proposals contained in the budget. It is

said that the Government are anxious to balance the budget and if our proposals are accepted it would result in a deficit of about Rs. 160 lakhs. Government have placed before us the alternative of financially stable budgetary position or the yielding to unreasonable popular pressure in regard to these proposed additional duties. I do not think that it is a fair alternative. It is idle to ask us on this side to make constructive proposals when we have no power to enforce them but can only make them by way of recommendations or suggestions to the Treasury Benches. If we had the power to deal with the expenditure side of the budget and show where it can be retrenched, there may be some reason in what the Government says. For instance, if we say from this side, "Will you cut out the Rs. 2 crores which you spend on the Lee Concessions in favour of an overpaid service which is already top-heavy?" Will you agree to that proposal? In this year's budget you have provided Rs. 6 lakhs to send some policemen and some troops for a show in London—the Coronation. Why should Rs. 6 lakhs be paid by a poor country at a time when the Finance Member is unable to balance the budget without taxing the poor? It is only a small item no doubt, but it is typical of the way in which Government manages its finances in this country. Again, may I ask whether it is difficult for the Government to effect a saving of about Rs. 1½ crores in a military budget of Rs. 45 or Rs. 48 crores? The other day when my friends Pandit Kunzru and Pandit Sapru put forward a plea for the reduction of the army expenditure and for the Indianisation of the army, the Commander-in-Chief reminded us that other countries were spending more money on armaments and improving their defences and said that it was not a very reasonable request for this side of the House to curtail the army expenditure in the face of the international position that is developing today. My answer is a very simple one. If other countries are spending money on the increase of their defences, on the improvement of armaments, they are paying money to secure their freedom and their liberty. If other people threaten the liberty of their country they try to prevent such a threat. When they are out to conquer other countries, they are spending money to improve the position of their own country. But in this country we are asked to pay larger and larger amounts for the defence in order to complete our enslavement. That is the only difference. If we are asked to pay more money for securing freedom for this country, we shall always be ready. Therefore such arguments will not convince us. What we are convinced of is that if the Government really intends to effect a reduction in expenditure they can effect a saving in the military budget and Rs. 1½ crores will not be an extravagant sum to curtail in the present military budget.

Sir, one other general consideration before I go to the details of the Finance Bill. The Finance Member has claimed both in this House and the other House in explaining his budget that he wanted some more money at this juncture—about a crore or so—to put the provinces on the right way under the autonomous constitution. So he urged that the expenditure was in the interests of the development of self-government in this country. But what do we find today? In almost all the provinces where the electorate has sent Congressmen in a majority to the Provincial Assemblies, the verdict of the electorate has been set aside and people who have been trusted with the mandate of the electorates have been put aside and the old reactionary forces have been installed in the form of interim ministries. So it is no use saying that the additional expenditure is being incurred to instal provincial autonomy in the provinces. Instead of that, they are being utilised for perpetuating the old autocracies and forcing upon the provinces ministers with whom the electorate and the whole country get disgusted. That is the kind of autonomy we are going to get. This is certainly not to implement a constitution which

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provides for genuine provincial autonomy to be started in the provinces but to perpetuate the unwanted autocratic system of government in the provinces for a long time to come. Therefore that argument of the Finance Member, that he wants more money to help the provinces, does not commend itself to us on this side.

Sir, the budget of any civilised country is judged from the relief that it gives to the poor. What are the measures which the budget contains for relieving poverty, for relieving unemployment, for improving commodity prices? These are questions which would be put in any self-governing country to the Finance Member. What do we find here? Even British financiers and independent observers find that poverty in India is becoming deeper. The poverty of the masses is growing deeper and deeper and if there has been a fall in trade between this country and England it is mainly due to a decline in the purchasing power of the people of this country, and so long as the people of this country have no money to buy the goods, no tangible improvement in the trade of this country with other countries can be expected. Recent inquiries into the economic condition of the ryots have proved that indebtedness is growing. It is a favourite argument with many economists and apologists for Government to say, that indebtedness is due to want of thrift on the part of the masses and that poverty is the result of this indebtedness. But, Sir, I submit that my observations and study for over 20 years has convinced me that this statement is greatly exaggerated and wrong. I think indebtedness is the result of poverty. People borrow not because they can but because they must. No rural occupation or trade leaves a sufficient margin even for living. Therefore they go on borrowing. Indebtedness leads to greater poverty and that in its turn to greater indebtedness. We are moving in a vicious circle in the economic sphere of our rural life. What evidence is there of Government's anxiety or preparedness to give relief to the poor of this country? Judged from this standard, I must say that the budget is a very disappointing one. The Finance Bill cannot be supported by the elected Members of this House.

The Honourable Mr. Nixon rightly said that the Bill comes "unfortunately" to this House in a certified and recommended form. Unfortunately for this side but fortunately for the other side, because we on this side cannot effect any changes in it even if we wish to. Supposing we had the necessary non-official strength in this House to move amendments and carry them, even then under the Government of India Act it will not be competent for us to do so. Therefore all the misfortune is on this side and not on the other side. It is certainly a very humiliating position for this House to be put in. The other House at least had the satisfaction of rejecting the Finance Bill in the certified form. But in this House we shall not even have the moral satisfaction of having done our duty to the electorate by throwing out a Bill which is unwanted and which is not acceptable. And we have to pass this Bill whether we like it or not. With these few observations I proceed to deal with some of the details of the Finance Bill.

It is true that the Finance Bill contains only two new provisions for the enhancement of taxation, namely, the increased duty on silver of one anna per ounce and the increase in the excise duty on sugar of 11 annas per cwt. I shall first deal with the other provisions of the Finance Bill to which I take exception—and they are two mainly. I will deal first with the duty on salt. There has been a demand in this country for a long time that there should be a reduction in the duty on salt. It is a duty which falls very heavily on the

poor and there has been a proposal in the other House to reduce it from Rs. 1-4-0 to Re. 1, not a very extravagant demand to make. The argument for the reduction of the salt tax is not a new one. It has been repeated over and over again. It has been pointed out, both on medical evidence and from other materials, that people in this country do not consume an adequate amount of salt owing to the burden of the duty on the poor men who purchase salt. I think I have seen a statement, Sir, that the average consumption of salt per prisoner in jail is 17 lbs. a year and medical evidence seems to show that even 17 lbs. is not quite adequate for a healthy prisoner in jail. And the average consumption of salt by a citizen in India who is outside the jail is 12 lbs. a year. That is to say, it is less than what a prisoner gets. And medical opinion connects several diseases and low vitality with the under-consumption of salt in this country and there is also evidence to show that whenever the salt duty has been brought down there has been an increase in consumption and whenever it has been put up there has been a decrease in consumption. Therefore, there is plenty of material based on good evidence to convince the Government of India that a reduction in the salt duty is likely to help the poor in this country and will have a very beneficial effect on health.

Sir, of late we have heard a great deal from our sympathetic Viceroy about improving the nutrition of the people. He has made appeals in favour of propaganda for drinking more milk and drinking more tea. But where are the people to get the money for it? When they have not enough money to buy one more pinch of salt, how can they drink more milk? Therefore the case for a reduction of the salt tax is, I think, one which requires sympathetic consideration from the Government. But we are always met by the argument that, while the Government's revenue will be seriously curtailed by any reduction of this salt tax, the relief which the consumer will get is very small. That is an argument which we are not prepared to accept.

Sir, the other feature of the budget is the three pice postcard. For a long time we have been asking for a reduction in the price of postcards. It was originally a quarter of an anna. It has now gone up to three pice. And we have asked that it be reduced not to the original level of one pice but only to two pice. While I join in the general tribute that has been paid to Sir Frank Noyce and the administration of the Postal Department generally, I regret that it was not possible for him in the closing year of his service to give this relief to the poor. I believe this is the hundredth year since the inauguration of the Postal Department—it was started in 1837—and must be now celebrating its centenary. And in this century-old Commercial Department, I wish it had been possible for the Government of India to give some relief to the poor villager who uses the postcard. It is estimated that if the price is reduced from three to two pice, the loss will be about Rs. 65½ lakhs, and if there is a 10 per cent. increase in the traffic the loss will be about Rs. 50 lakhs. That is all that is said to be the loss to the Government of India by the reduction asked for from three-quarters of an anna to half an anna. As I said before, there are many ways in which the Government of India could have found this money. I have indicated some methods already. And another thing I have to suggest is that if the Government of India were really anxious to give some relief to the poor they could have effected some cuts in the salaries of the higher paid officials. A 10 per cent. cut would not cause very great inconvenience to the people who are already being paid very high salaries. People can live on smaller salaries as is evident from the fact that Congress ministers, if called upon to accept offices, are prepared to accept Rs. 500 instead of the Rs. 5,000 a month which is being paid to their predecessors in office. There are many other services in which people will be prepared to work on smaller

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salaries. I am sure the services themselves, if approached in a proper way and told that the interests of the poor in this country would require that they should accept lower salaries, would be willing to do so. But the trouble is that no British administrator would like to do it, because he himself is not prepared to cut down his own salary, and any example of Indians who may be willing to cut down their salaries will react upon his own high salary. A 10 per cent. cut in the salaries would have been sufficient to find relief for those who use the postcard, as well as those who use salt and sugar. I feel Government are not right in brushing aside the popular demand for reducing the duty on salt and also for bringing down the price of the postcard.

Finally, Sir, I will deal with the sugar excise duty. In speaking on the sugar excise duty, I do not speak merely as a representative of my electorate or merely as a theoretical financier or as a student of the sugar industry. I am very intimately connected with a sugar factory myself. A co-operative sugar factory was started in 1934 in my province and we invested about Rs. 15 lakhs on it. It is managed by the producers of sugarcane on a purely co-operative basis. Its management is cheap and efficient. Nevertheless, we were unable to make any profits in the last two or three years. That shows that the Finance Member's statement that the sugar factories are making excessive profits is at any rate not correct in regard to the recent factories. I am not prepared to deny that some of the old factories may be making excessive profits. But the whole idea of giving protection is to enable new factories to be started so as to enable India to manufacture all the sugar she needs. I think the Tariff Board, in recommending protection, recommended that sugar factories should be started very rapidly and quickly in this country. So, the rapid expansion of sugar factories in this country was in pursuance of the recommendations of the Tariff Board. Nothing very unnatural has happened. The protection has stimulated the starting of factories. Capital was forthcoming. I think about Rs. 30 crores have been sunk in sugar factories in the last four or five years, and the position is such now as to make India almost self-contained in regard to the internal consumption of sugar. It is said that continued protection will not only hit the revenue but also affect the consumer adversely. Sir, this great kindness for the consumer is always trotted out whenever we ask for protection to a promising Indian industry. It is true that the consumer will have to pay something for the protection. In the case of sugar I think figures have been cited to show that the consumer is really not paying more today than he was paying in some years of the pre-protection period. In some pre-war years he was paying more for his imported sugar than he is doing today for indigenous sugar which enjoys a protection of 200 per cent. as against Java. Therefore, even from the point of view of actual figures, it is not correct to say that the consumer has suffered on account of protection. I speak subject to correction. Assuming it is not so, as against this slight disadvantage, if it is a disadvantage, are we not to set off the advantages that we have derived by protection? At one time we imported sugar to the extent of Rs. 16 crores a year. Rs. 16 crores sent out of this country to fructify in the pockets of a foreign exporter is a very different matter from Rs. 16 crores being retained in this country to fructify in the pockets of the people of this country. That is an advantage which greatly counterbalances any disadvantage which may arise from high protection. In addition to Rs. 16 crores being retained in this country, there are a number of people employed in the sugar factories—educated employees, graduates—alone numbering about 2,000. There are also a great many labourers working in these factories. What about the employment afforded to these? But fo

the progress the sugar industry has made in this country, it could not have been possible to employ all those people, and to a certain extent thus relieve unemployment. These are counter-balancing advantages which we in this country greatly value as against any disadvantages which the Finance Department may suffer by the protection. In many other countries several industries are being supported by subsidies and other forms of assistance, if they are not able to stand on their own legs for some years. We on this side of the House are as anxious as the Members of the Treasury Benches to see that sound principles of taxation are applied, that protection should not be unduly prolonged in the case of any industry, that the consumer should not be unduly hit, and so on. We grant all this. But I ask, "Is a period of four or five years sufficient to say that the sugar industry has been protected too long?" I submit not. We are just gaining experience. It takes time to improve the quality of the cane. It requires expert assistance and knowledge. We want to train people. We want to put our recovery at the same level as the Java factories. They in Java get 12½ per cent. whereas we have hardly reached 10 per cent. It will take time to reach the level of Java. Our agriculturists must be trained. All this will take time. I think it is wrong to say that the sugar industry has been treated with any great indulgence. I think sufficient time has not been given to the industry to enable it to reduce its cost of production to the level which the Finance Member would like to see it reduced. The Finance Member himself has admitted that the sugar factories this year have paid less income-tax than in previous years. I suppose that the fall in income-tax is partly due to the less amount of income-tax which the manufacturers of sugar paid. If so, I do not think it can be said that all the sugar factories have made very great profits. I quite agree that it does not mean that some factories have not made great profits. Some factories may have made excessive profits. The fall may be due to the smaller amount of profits which the new factories have made. So, taking all things together, I feel that the imposition of the excise duty on sugar is not justified. I think it will have a very deleterious effect on agriculturists as well. I speak from my personal knowledge that even with the present prices we are not able to pay a remunerative price to the sugarcane cultivator. The cost of cultivation in the newly established factory areas is higher than it is elsewhere, because people have no experience of how to grow the crop economically. In the older areas, the cultivators are certainly more experienced and better advised, but in the new areas where factories are started, the cost of cultivation is very high and the price paid is not economical. With the imposition of the excise duty the cultivator is bound to get less. In other words, the burden is partly to be transferred to the shoulders of the agriculturist. I consider this a great misfortune. It is one of the good money crops which has recently been developed. There will be great economic suffering among the sugarcane cultivators by this excise duty. I feel that the effect of this excise duty will be effectively to curtail the prices which the sugarcane growers are getting from the factories. We have been reading for the last two or three days that many factories in the north of India are threatening to close down, rather to stop the crushing season from the 1st of April. I do not know how far it is correct, but we have been reading, that even though there is crop on the land which has not yet been purchased by the factories, they are going to close down before the crop is exhausted. In that case I think the sugarcane cultivator will be very badly hit. I know from personal knowledge that in many villages the old plant for making *gur* out of sugarcane has disappeared. They are now relying more and more on the new factories and the old appliances for converting sugarcane into *gur* by village processes have largely disappeared. So there is no other outlet for the sale of sugarcane in areas where the cultivation

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of which is not to a large extent dependent on this factory industry. Therefore this particular duty is I consider a very unfortunate duty which is imposed at a most inappropriate time.

Moreover, the Government of India have themselves set up a Tariff Board which, I think, enters on its duties on the 1st April. If that is so, where is the hurry for this excise duty. Government can wait till the Tariff Board inquires into the matter and reports whether the industry is able to bear the additional excise duty which is recommended. If the Tariff Board could give an expert opinion that the sugar industry can bear the additional excise duty without detriment either to the manufacturers or the cultivators, the Government of India would have been able to make out a better case. Therefore, Sir, I oppose this measure to increase the excise duty.

With regard to the duty on silver, in addition to what my Honourable friend Mr. Sapru has said, I would like to point out that there is not much evidence before the country that the increased import of silver into this country is due to the reappearance of the habit of hoarding. I think the Finance Member has said in his budget speech that there is a recrudescence of the habit of hoarding silver in the villages and that has to be discouraged. There is not much evidence of it. From the fact that distress gold has been going out of the country—we have exported Rs. 300 crores in the last few years—I think the people in the villages have not much spare money to buy silver with. If a man has money he generally does not sell gold which has been hoarded so carefully all these years. I think the import of silver is due more to speculative trade tendencies of importers of silver than to any hoarding habit of the people. That is what I feel and the Finance Member has not put any evidence before this House or the other House to substantiate his view that the import of silver is due to the recrudescence of the hoarding habit of the people. Even if that were true, I ask, in a poor country like India is it a sin to hoard a little silver in the form of savings? As an Honourable Member has put it, it is a kind of saving because they have no banks. Our banking habits have not developed to such an extent as to make people put their savings into a bank. Therefore even if there is some hoarding of silver, it is not a form of hoarding which ought to be discouraged. From every point of view I submit that the increase of the import duty on silver by 50 per cent. is not justified.

Sir, I do not wish to take more of the time of this House. I am unable to support this Finance Bill, with the salt tax standing at its old level, with the postage rate at its old level, with the increased excise duty on sugar and the increased import duty on silver. These are all obnoxious features of the Bill. Once more I would say the Government of India have demonstrated to us on this side of the House how utterly futile these debates are. They know our point of view and we know theirs. They are determined not to accept our point of view and all that we can do is to tell them we do not accept their point of view. But power is in their hands, and for the third time in the lifetime of the present Legislative Assembly they have brought a certified and recommended Bill and it is in that form this House has had to pass them. I appeal to the Government to search their conscience and see whether they are doing the right thing by this House. In this House they have a standing majority and can pass anything they like. They therefore do not show that consideration which even in debates the Government Members show in the other House, just because they can get anything done by this House. I think they pay very little respect or consideration to what we on this side say. Therefore we are in the unfortunate position, as Mr. Nixon put it, of having to face this

Bill. But if this House passes it, at least it should not be with the consent of this side of the House. We enter our most emphatic protest against the way in which the recommendations of the Assembly have been thrown away in regard to the postcard and the sugar excise duty, and we resent very strongly the procedure adopted by the Government in bringing the Finance Bill in a certified form. It all shows how futile is this constitution and how futile is the claim of the Government that this or the other House are democratic. It is in fact unabashed autocracy clothed in democratic forms and we are here merely to record the decrees of the Finance Department. That is the position in which we find ourselves today, and all we can do is to mark our disapproval of this Finance Bill and vote it down if we can.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : This is the third time that I have had to deal with a certified Bill and I have taken great pains to understand section 67B under which the Bill has been certified and the position in the country. This constitution is a creature of the British Government and when it was on the anvil we were told that these emergency powers would be used only when law and order were at stake, when the financial credit of the country was at stake or when there was danger to the safety of the people of this country. I have thought over this matter seriously and I cannot bring myself to believe that law and order is at stake or that the financial credit of the country is at stake or that there is danger to the people, and so the Government is forced to invoke the aid of His Excellency the Viceroy in getting this Bill certified.

THE HONOURABLE THE PRESIDENT : I may tell you that you are not allowed to question the Governor General's decision as regards certification. His decision is final. It is not to be subjected to argument in this House.

THE HONOURABLE MR. V. V. KALIKAR : I am not questioning His Excellency the Viceroy's powers. In fact, I say that His Excellency has done the right thing in certifying this Bill in his capacity as a constitutional Viceroy. I am blaming the Government of India. I read the position in this way, that the Government of India should not have given this advice to His Excellency the Viceroy. I am not in any way attacking or challenging the powers of His Excellency in this connection. I know my position. What I am speaking about is the attitude of the Government of India, especially at the present juncture. I shall show in brief later on that the Government of India had practically no case to go to the Viceroy for certification.

THE HONOURABLE THE PRESIDENT : I do not know what has happened in the Government of India. I only know that the Viceroy has certified the Bill.

THE HONOURABLE MR. V. V. KALIKAR : I shall show you, Sir, from a sentence from the speech of the Finance Member that they had no case to go to the Viceroy for certification. I am not going to say anything from the criticisms that have been levelled against this Bill by my countrymen, I am not going to state anything in this House from the criticisms that have been levelled against this Bill by industrialists or by agriculturists. I am only trying to understand myself how the Government of India can reconcile their position when they have stated definitely that a gap of Rs. 1 or Rs. 2 crores is not of any importance to them in a budget of Rs. 80 crores—

THE HONOURABLE SIR JAMES GRIGG : If the Honourable Member is going to base his case on that, will he quote the actual passage and not misquote it ?

THE HONOURABLE MR. V. V. KALIKAR : You will permit me, Sir, now to quote that passage. The Honourable the Finance Member said in the other House :

"And finally disappointing as it is, we must be careful not to exaggerate the importance of a gap of one or two crores in a budget of over Rs. 80 crores".

I can understand simple English ; it is as simple as anything.

THE HONOURABLE SIR JAMES GRIGG : It is very different from what you said just now.

THE HONOURABLE MR. V. V. KALIKAR : That is the position. I am looking at the attitude of the Government from a different point of view, from the constitutional point of view. What has the Assembly done ? They have reduced the Budget by Rs. 165 lakhs. Here, you have given up your case absolutely by saying that you do not attach much importance to a gap of Rs. 1 or Rs. 2 crores.

THE HONOURABLE SIR JAMES GRIGG : Will the Honourable Member please not keep on misquoting ? I did not say I did not attach any importance or I attached very little importance to it. What I said was we must be careful not to exaggerate the importance of it, and if the Honourable Member is going to base his case on anything that I have said, will he please quote it accurately ?

THE HONOURABLE MR. V. V. KALIKAR : I think I have understood what my Honourable friend has said.

THE HONOURABLE SIR JAMES GRIGG : I am not saying that he did not understand it. I am suggesting that he should quote it correctly.

THE HONOURABLE MR. V. V. KALIKAR : I think I have quoted it correctly.

THE HONOURABLE SIR JAMES GRIGG : But you quoted it once accurately and twice inaccurately !

THE HONOURABLE MR. V. V. KALIKAR : I think I have quoted quite accurately, and if he likes I will again quote it. He said :

"And finally disappointing as it is, we must be careful not to exaggerate the importance of a gap of one or two crores in a budget of over Rs. 80 crores".

THE HONOURABLE THE PRESIDENT : That is quite different from saying that such a gap would not matter.

THE HONOURABLE MR. V. V. KALIKAR : Assuming for argument's sake that a gap of Rs. 165 lakhs was not reasonable, did the Government of India take into consideration the views expressed by the elected representatives in the other House on those questions on which they found them all unanimous ? To my mind it seems that the position they have taken is to flout the opinion of the elected representatives of the people without going into the merits of the case.

THE HONOURABLE THE PRESIDENT: If you do not agree with Members, that does not mean flouting.

THE HONOURABLE MR. V. V. KALIKAR: Well, Sir, I submit that we have agreed, all the elected Members in the other House are agreed on the point, that on those two things, the sugar tax and the tax on the postcard, the Government should reduce the taxation. Now, Sir, it was for the Government to meet the wishes of the elected representatives of the people. The Government of India are left friendless now. Even people like Sir Cowasjee Jehangir and our ex-colleague Sir Yamin Khan also took strong objection to the attitude taken up by the Government in not agreeing to the proposals recommended by the Assembly. I personally do not think it is worth while to deal with the merits of the case, because whatever suggestions we make or whatever constructive proposals we have been making for a long time in this House as well as in the other House have not been accepted. Well, they are perfectly right within the letter of the law to bring a certified Bill before the House and get that certified Bill passed. I think they are going beyond the constitution under which they have brought this Bill before the House. Mr. Montagu would never have thought that the powers given under section 67B would be utilised in such a way.

THE HONOURABLE THE PRESIDENT: You are again impugning the Governor General's final decision.

THE HONOURABLE MR. V. V. KALIKAR: I am not certainly, I give you my assurance——

THE HONOURABLE THE PRESIDENT: But you do so in so many words.

THE HONOURABLE MR. V. V. KALIKAR: I am challenging the wisdom of the Government of India——

THE HONOURABLE THE PRESIDENT: You cannot challenge; his decision is final.

THE HONOURABLE MR. V. V. KALIKAR: I am not challenging his decision.

THE HONOURABLE THE PRESIDENT: It is the Governor General who has certified this Bill.

THE HONOURABLE MR. V. V. KALIKAR: I bow to your ruling, Sir, but you have not followed what I said.

THE HONOURABLE THE PRESIDENT: I have very closely followed you.

THE HONOURABLE MR. V. V. KALIKAR: I am saying that the Government of India is wrong in giving such advice——

THE HONOURABLE THE PRESIDENT: I do not know whether they gave such advice.

THE HONOURABLE MR. V. V. KALIKAR: Unless they had given that advice, the Bill would not have come in the certified form in which it has come before us. The position I am taking is about the Government of India's action and not about His Excellency the Viceroy's action. Sir, situated as

[Mr. V. V. Kalikar.]

we are, they have forced us to swallow the pill. We on this side of the House will not be able to swallow the pill. But we know our limitations. But we must have our say whether they like it or not.

THE HONOURABLE THE PRESIDENT: Nobody prevents you from saying what you like.

THE HONOURABLE MR. V. V. KALIKAR: Sir, this side of the House suggested ways of meeting the deficit. We have been suggesting the placing of an embargo on gold exports, but they would not listen to it. They think that we are looking at it not from an economic point of view, not from a sound financial point of view, but we are looking at it from an Indian point of view. But, Sir, in other countries they do not allow gold to be drained away. They utilise it for their own purposes, for their internal trading and we also wanted

I P. M.
that the gold should be utilised for our own purposes here but, Sir, that advice will not be listened to. If I am right, even an Anglo-Indian paper, the *Statesman*, suggested in an article on the 28th February that this gold drainage should be stopped. We have advanced arguments that it is distress gold, but they will not listen. But you cannot accuse the *Statesman* of taking sides on behalf of Indians, and even that paper has suggested the same thing, but they would not listen. So it looks as if they have a fixed plan, and that plan is to flout public opinion and, as my Honourable friend Mr. Mahtha says, plan to exploit. I do not know what they gain. But, Sir, the present position which I am seeing in this country is very dark and if I may be allowed to say so I think there are no worse enemies of the coming constitution than the present Government of India. If this action had not been taken by the Government of India at this juncture we would not have heard reports from the various provinces that ministries are not going to be formed by the majority parties. That is my reading of the situation, Sir, that the Government of India have committed the greatest political blunder at this time in going to the Viceroy's House to get this Bill certified.

Sir, we suggested to them about not restoring the salary out. When you were amongst us here, Sir, you laid great stress upon that point.

THE HONOURABLE THE PRESIDENT: I have become wiser by experience.

THE HONOURABLE MR. V. V. KALIKAR: But then they would not listen to that advice also. We suggested to them to reduce expenditure in some Departments of the Government by which they would be able to cover their deficit without imposing further taxation on the people of India. Still, Sir, they would not listen to it. So that, Sir, the position that appears to a layman like me is that they want to force on us things which we do honestly and sincerely believe are against our interests. If that is the position, Sir, what is the course left to us? I think the only course left to us is not to register the decrees of the present Government but to voice our emphatic protest. So far as the sugar duty is concerned, the last speaker has given us facts and figures, but they will not listen to the facts and figures—they will say they are incorrect. If we were to tell them that this sugar excise duty is going to do harm to the cultivators they would not listen to it. If we tell them that the acreage under cultivation would be reduced and if we were to cite an authority on these matters they would say that that gentleman is connected with the sugar industry, his opinion is not of much account. I

am not at all connected with the sugar industry, though I am a grower of sugarcane on a small scale. There are not many sugar factories in my province, but my reports are, Sir, that since the Government of India increased the excise duty we are finding it difficult to sell our sugarcane at a reasonable price. They will not believe us, I know.

Then what is the position, Sir, If they will not in the least try to meet the wishes of the elected representatives of the people, it is in our interests also to speak out what will be the position in the future. Not only that they have already lost the confidence of a large section of the public in India but by increasing this duty also I think they will begin to lose the confidence of the vested interests about whom my Honourable friend Mr. Sapru has spoken.

Sir, the Assembly suggested a reduction in the postcard rate and according to their calculation it would have cost the Government about Rs. 50 lakhs. I understand that they are losing Rs. 36 lakhs in the Telegraph Department. They are earning about Rs. 18 lakhs in the Telephone Department. And they are earning something in the Postal Department. They always say that they are for rural uplift. They are for the betterment of the condition of the masses. They are for the betterment of the condition of the agriculturists. If that is really so, Sir, and if they are really sincere in their expression, I think, Sir, they should have accepted the recommendations of the Assembly on this point because I stick to the view that I have taken that, if they want to do anything they can find out ways and means to do that thing.

Sir, the position in which the non-official Members and the elected Members in this House are placed is very difficult. One has to shoulder the responsibility of voting against the Finance Bill because it contains proposals for supplies and you cannot vote against these proposals unless you think over the matter very seriously. I think they are not only acting unconstitutionally but they are determined to flout public opinion and therefore, Sir, I have to oppose this Bill.

The Council then adjourned for Lunch till Twenty Minutes Past Two of the Clock.

The Council re-assembled after Lunch at Twenty Minutes Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT : The debate will now resume on the Finance Bill.

THE HONOURABLE DIWAN BAHADUR SIR RAMUNNI MENON (Madras: Nominated Non-Official) : Sir, I shall confine the few remarks that I propose to make to two points which arise from the consideration of the Bill before us. In the first place I must express my disappointment that the Honourable the Finance Member has not considered it necessary to provide for the grants to provinces for rural development; that is to say, to provide for the continuation, let alone their expansion, of these grants which were a very welcome feature of the budgets of the last two years. During the General Discussion on the Budget reference was made to this omission, and certain speakers questioned the motive of the Government in embarking upon this system of rural grants, and they seemed to find in its present abandonment sufficient justification for the interpretation which they put upon the real purpose which lay behind the action of the Government. I may at once say that I do not

[Sir Ramunni Menon.]

associate myself with these criticisms. The system of rural grants has certainly awakened the public conscience and will always be remembered to the credit of the Finance Member. I do not think that if he had continued this system for the next year, even if it might have eventually led to considerable encroachment on the revenue to be derived from the new taxation, any considerable volume of opinion would have ranged itself against it. It is, therefore, a matter of some regret to me to find that he did not see the question in this light. He has evidently come to the conclusion that this is not a measure which would justify new taxation. Anyhow, I hope he will bear in mind the possibility of restoring this grant before the end of the next financial year if he finds himself left with a surplus.

The next point on which I should like to make a few remarks is the one point on which almost the whole of the opposition to the Finance Bill has been concentrated, namely, the sugar excise. I am not interested personally in the sugar industry. I am speaking of it only as a Member of a Legislature who is naturally expected to take some interest in questions of national interest and importance. To me the opposition to this excise has appeared somewhat strange. But when I reflect that economists always tell us that one of the first fruits of the grant of protection will be the growth of vested interests which will seek to keep to themselves the whole of the benefits of protection, I think I can find some explanation for this opposition. I am not for one moment suggesting that all the speakers who have opposed this excise duty are inspired by considerations of that kind. But I cannot honestly say that the propaganda which has been carried on by the sugar manufacturers has not had considerable influence among the critics. As the matter stands, it is perfectly clear that some fresh revenue has to be raised by taxation, and it is also admitted—at least I think it will be admitted by the bulk of the critics—that the present proposal is adequate for raising the necessary revenue. The real opposition, therefore, must be presumed to be due to the fact that a protected article, sugar, has been selected for this impost. I think that is a perfectly safe assumption. But I think, on the other hand, that the very fact that it is the protection given to sugar that has led to the considerable loss of revenue to the State is itself an appropriate and just reason for making up at least some part of this loss by taxing the protected article. Now, ordinarily we may assume that this duty will be passed on to the consumers. But it appears from various statements made by people who are competent to speak on the subject that in the present case this duty is likely to fall on the manufacturers themselves. That, however, is a matter which they have to adjust between themselves and the consumers. That is a matter which should be left entirely to the industry itself. As far as the State is concerned, it will have done its duty by levying this excise in order that it might equalise to a certain extent the burden and the benefits of protection among the various classes of the community. Now, the problem which faces the sugar industry is a wholly internal problem. The protective duty is so high that there is not the remotest possibility of foreign sugar competing in the Indian market. The whole field is left to the Indian industry itself. The sugar producer, the cane-grower, the consumer, the tax-payer are all Indians, and there is no need to introduce the sentiment of nationalism into this matter at all. Everything is Indian. If in the attempt to equalise the burden by the levy of an excise, it is necessary that one or more classes of the community should forego some of their advantages, the sacrifice should be made in the interests of the community as a whole. To me the case for this excise appears complete and convincing.

It was said in the course of the discussion that the industry had conferred very great benefits on the country. It was said, for instance, that about Rs. 16 crores were retained in the country every year. I think that is a kind of statement which can be made of any industry or undertaking which is carried on in this country, but whether the retention of this money is to the good of the country is a different matter. Pursuing that line of argument, we may say that we can keep all the money in the country by stopping all imports. The result will probably be that we shall not be able to send out our raw products. Whether that would be the only result or whether that is a certain result, I am not economist enough to say ; but that seems to me to be a very likely contingency. Whether such a contingency is in the interests of the country at large is a matter for argument. The question of the benefits conferred by the industry is thus not quite so simple as it looks at first sight. Then again, it was said that the consumer now got his sugar much cheaper than he used to get before protection was granted. Well, that is true, but it is not a complete statement of the case. I have seen in a recent book on sugar by an author who seems to have taken a good deal of pains about his work, a statement that the consumer now pays Rs. 7 per cwt. more than he need pay if there is no protection at all. It is quite possible that on account of the recent fall in prices this excess may have to be somewhat reduced, but anyhow the excess payment that he is now making cannot be anything less than Rs. 6 per cwt. Well, Sir, it is really the case that this protection, whatever benefits it may have brought to this country, has really placed a very heavy burden on the consumer. Now, I am not for a moment suggesting that this point by itself should decide the question of protection of the sugar industry. That is far from my thought. All that I say is that in considering the question of protection we should have some idea of what we are paying for it, and this is the measure of the cost that the country is paying.

Then in the course of his speech the Honourable Mr. Nixon referred to the very unhealthy competition that is now threatening the industry. I quite admit that competition when it becomes unhealthy must be eliminated, but it is a very difficult matter to decide when competition becomes unhealthy, and influential bodies are always likely to put forward arguments which might persuade people that other bodies are really unhealthy parties in this competition. Thus the whole question has to be very carefully considered. I hope that the State will not encourage any attempt to restrict competition, because competition is the one incentive to improvement in the methods of production, and if that is stopped I do not know where the consumer will be. There is another reason also. Many of the provinces have sunk considerable funds in irrigation schemes and other projects with a view eventually to the extension of the sugar industry in their territories. Moreover it is not at all clear that the provinces which are now producing sugar and cultivating sugarcane are the best suited for the industry. For example, I have seen the statement that Madras and Bombay are far better suited to the growth of sugarcane and possibly for the manufacture of sugar than northern India. I am not expressing any opinion on that matter, but there is a possibility that we cannot now decide which part of India is the best for the sugar industry. So that the question of removing or limiting competition is a very complicated question altogether, and I hope that if ever the Government of India is called upon to intervene in this matter, it will bear all these aspects in mind.

Well, on the whole, Sir, I have seen very little reason to convince me that the proposed levy of the excise duty is not in the interests of the country and not in the interests of all classes who are concerned in the sugar industry. I therefore wholly support the proposal.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, after hearing the observations which my Honourable friends Mr. Sapru and others have made, my task has been rendered easier. It has now become the practice of our Honourable Finance Member to present to this House every year since he has assumed office a certified Finance Bill. I must say that when we get a certified Bill it means that the Bill has to go through, as unfortunately the elected Members alone cannot carry any measure here. So it has become the habit for us all to speak in the wilderness and the measure goes through. Sir, I am also of opinion that the dignity of both these Houses is not being maintained by the Government, so much so that the opinions, and the considered decisions, of the elected Members of both the Houses are practically flouted, when measures come to these Houses in the manner in which they are coming since the last three years. Sir, I would request you as the custodian of the dignity of this Chamber to see that this Chamber is allowed to make its voice heard and that whenever Government likes to come to a decision that decision should be arrived at after hearing what this House has to say in the matter.

THE HONOURABLE THE PRESIDENT : You want to reverse the order of things. I do not know how I am to maintain the prestige or dignity of this House, when the Government have got a right when a Bill is thrown out in the other House to bring it in a certified form here. Therefore I do not consider that the dignity of the House is not being maintained by Government in simply bringing a recommended Bill in this House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : The Government, before they approached His Excellency the Viceroy for certification, ought to have taken at least some of the Members of both Houses into its confidence and discussed matters with them as to how a reasonable solution could have been found. It is in that way that the dignity of the House has been ignored. That is why I asked you, Sir. This measure, as it comes before us, practically means that all our observations, if any, will be of absolutely no avail.

Sir, I might also mention, to start with, that when I sent in certain amendments to the Finance Bill from Lahore, I did not know that my Party had decided not to send any amendments and as that has been the decision of my Party, I am not going to move any amendment today.

THE HONOURABLE THE PRESIDENT : And your amendments are not in order too !

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Of course, they were not allowed, because I am told that the Governor General's sanction ought to have been obtained before those amendments could have been admitted.

THE HONOURABLE THE PRESIDENT : A private Member cannot bring in any amendment for increase in taxation. That has been ruled over and over again not only in this House but also in the Assembly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : That means that in case we have to propose any increase in taxation, we have to take the permission of His Excellency the Governor General and in this case as His Excellency has already sent a certified measure we could not reasonably expect that he will give permission for those amendments to be moved. Sir, as my Party had decided not to move any amendments and as you also have ruled that they are out of order, I am not going to move them.

Sir, my Honourable friend Mr. Ramadas Pantulu has observed that as he himself has experience of working of sugar mills he can say that most of the mills at present cannot make their way to pay. The Honourable Mr. Nixon has pleaded his own justification for increase in the sugar duty but the best way to see is after a year's working whether the observations and arguments put forward by the Honourable Member prove correct or not. Then in regard to a number of forecasts which Government have made here, time has proved that they were wrong. For instance, the policy of reverse councils was introduced and then a great deal was said about their benefitting India to a very great extent but time proved that that policy was wrong and that that policy was disastrous as far as the interests of India were concerned. My friend has also observed about the exchange ratio and time is now approaching when the Government will be forced to change it, because they will not be able to find funds to keep up this artificial rate, when the export of gold stops.

Sir, when I was speaking on the budget, I brought it to the notice of the Honourable the Finance Member that there was a rumour in Java that the Dutch Government practically forced the British Government, in order to meet their demand for some international complication to increase the excise duty here and do all they can to reintroduce the entry of Java sugar into India. The Honourable the Finance Member did not say anything on this point, whether that rumour was right or wrong. In case it was wrong, it ought to have been corrected.

THE HONOURABLE SIR JAMES GRIGG : Will the Honourable Member just tell me exactly what rumour he was referring to ? I did not quite catch him.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : When I was speaking on the budget I said that while I was travelling in Java I heard there that owing to the international situation in the Far East the British Government were made by the Dutch Government to agree to take some measures so that their import of Java sugar into India may be revived.

THE HONOURABLE SIR JAMES GRIGG : I am not responsible for the rumour. I never heard the rumour, but I can assure the Honourable Member that as far as I am concerned, the rumour that the import of Java sugar is a motive in our policy is quite untrue, and indeed I would bet the Honourable Member quite a considerable sum that the imports of Java sugar as a result of the increased excise will not be increased by one ounce !

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I am glad that the Honourable Member has contradicted that rumour. I am not accustomed to betting, so I will not bet !

Sir, I must express the opinion of the public who are in the know that this increase in excise duty on sugar will be disastrous to the sugar enterprise and to the sugar industry. Next year will prove whether this action of Government resulted in the encouragement of that industry or led it to a disaster. In my budget observations I also remarked that there is a suspicion in the mind of the public that the present policy of the Government of India is to discourage industries. On that very important point the Honourable the Finance Member did not give any reply. I should also request him to kindly throw some light—whether that impression in the minds of certain sections of the people is right or wrong ?

[Rai Bahadur Lala Ram Saran Das.]

Sir, the present composition of this House has proved that the opinions and the views put forward by the elected representatives of the people are ignored in this House and that measures are carried with the majority which consists mainly of officials and nominated Members. Sir, at the present juncture when there is a great international trouble going on, I think it is not in the rightness of things that Government should have flouted the opinion of the elected Members of the Legislature. Many proposals were made to balance the budget by other means and by raising other taxation but no attention has been paid in that direction and the Government has followed their own autocratic opinion. Sir, the general practice of Government, so far as the framing of the budget is concerned, is that first the expenditure is determined and then the income side is afterwards considered and the deficit if any is made up by increased taxation. Anybody can do that, Sir. But that is not the economic or commercial method: it is a practice which has been adopted by Government purely for political reasons of which we are not aware.

Sir, my Honourable friend, Mr. Ramadas Pantulu, made certain observations regarding the duty on salt. My own personal opinion is that the duty on salt is a very evenly divided duty and that one does not feel it very much. I have not been able to understand so far how a difference of a few pice in the annual budget of a poor man will effect him a great deal. So, Sir, as far as the salt duty is concerned, I have no grouse. But so far as other taxations are concerned, I have a grouse and I agree with Mr. Ramadas Pantulu that in times of deficits the Government ought to really cut down their top-heavy expenditure. The abolition of the Lee concession and other allowances and cuts in high salaries are the things to be enforced again. And the small deficit could easily be met.

Sir, so far as the raising of the excise duty is concerned, the corresponding increase in the import duty has not been made. On the other hand, the import duty has not been correspondingly decreased. The arguments which have been put forward are that a higher tariff wall is not now necessary. But, Sir, my own view and it is a view which is shared by the general public is that the Government's action in not correspondingly keeping the import duty on the same level as the excise duty will not be in the interests of the Indian sugar industry. I have already said, Sir, that unless and until the budgets are framed purely on economic and accounting grounds, making a deficit or surplus budget is entirely at the will of the Finance Member. Sir, we deplore the action of the Government that for the last three years supplies are secured by the certification of His Excellency the Viceroy and that the views and decisions of the elected representatives of the people of India are flouted.

Sir, I do not agree in the view which has been expressed by one of the speakers that this House should not have any say in financial matters. The new constitution I am glad to say gives some power to this House in that connection. But, Sir, I must say that in the present condition of our industries and particularly of the sugar industry, in which, if I mistake not, over Rs. 30 crores of Indian capital have been invested, this increase ought not to be allowed to be forced. Sir Vijayaragavachariar observed as a practical expert that this additional duty will adversely affect the sugar cultivation. Already the cultivator pays very high rates of land revenue as well as water charges on cultivation of sugarcane, and in case the cane price is forced down the poor cultivator will certainly suffer. Sir, I might also say in passing, that in case the Government want to really have democracy introduced into this country this is not the practical method of proving their intention. We are

on the eve of provincial autonomy. The Government of India is proving how these special powers vested in the Provincial Governors and in the Governor General are being used and I must say, Sir, that the people of India are getting nervous as the special powers of these Provincial Governors and the Governor General will be used in the near future in the present manner.

I do not want to detain the Council any longer. I would again say that
 3 P.M. the Government ought to take certain Members of the House, if not all, into their confidence and stop this practice, which is now becoming a common feature, of presenting certified Finance Bills every year.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN (United Provinces West: Muhammadan): Sir, the Honourable Member has moved that the Bill before us be taken into consideration. But with that Motion there is a proviso—a big proviso—"Do not change a full stop or comma in it"! How are we then to consider the Bill? The position is hopeless. If the second alternative suggested by the Honourable Mr. Sapru had been adopted, it would have been something, and we could have expressed our views with some satisfaction. Today we are just like speaking in an empty hall before a looking glass. Our speeches make no impression. The Honourable Members on the other side rely more on the number of their votes than their reasoning. This was not the time, particularly when we are just on the eve of the reforms, when this procedure should have been adopted. However, one has to make the best of a bad job, and I shall express my views on the Bill before us, whether it makes any impression or not.

My first point is the policy of excise duties. The time has come when this policy ought to be revised. To tax such industries which produce the necessities of life and kill them at their very growth is a bad principle. If it was impossible to obtain money from other sources, and if this was the only source, then it was a different matter. The sugar industry is still in its infancy. You have given protection only a short time ago. The sugarcane growers, in the hope that they will be able to sell their crop to mills, have cultivated sugarcane in very large quantities. What are they to do now? The mills under such circumstances cannot work with profit and a good many mills will stop. What will happen to the sugarcane which has been cultivated? As pointed out by the Honourable Mr. Kalikar, it was only a question of Rs. 150 lakhs. It could easily have been squeezed out by a little reduction here and there in the expenses and by taxation of such articles which are not useful but in a way injurious. They are extreme luxuries. Take, for instance, cigars and cigarettes. Since the increase in the import duty, many European firms have taken to manufacture cigarettes here. Why not tax them? Why tax the poor sugar industry which is still in its infancy? There is another article of extreme luxury, wines and spirits. They are not necessities of life, nor are they beneficial. I do not say that they are not taxed. But I say that in comparison to the sugar industry, they could have been taxed with justification. I know that the Honourable the Finance Member is very much handicapped in more than one way. There is the new Government of India Act which means additional expense. Then there is the Ottawa Agreement, which has been denounced. Then there is the compulsory subsidy to Burma, which is going to be separated from us the day after tomorrow. Then there is the demand of His Excellency the Commander-in-Chief for tremendous military expenses. In spite of all these handicaps, if the Honourable Member had applied his mind as a free person, I am quite sure that it would have been possible for him to balance his budget without touching sugar and other things which

[Haji Syed Muhammad Husain.]

are before the House. I have cited one or two industries which could have been taxed. It was only a question of Rs. 150 lakhs. Then there is the embargo on gold export. An export duty of 5 per cent. would have brought more than what the Honourable Member wants. But the Honourable Member is pulled from the Home Government. He has not strength enough to say "No". He has to abide by the decisions from home. Then he has to obey the Commander-in-Chief in providing for military expenses. But how can these things satisfy the Indian taxpayer? A feeling of resentment has been aroused. As I just remarked, Rs. 150 lakhs could have been squeezed out from other sources and not taken out of these industries. I am sure the sugar industry will be killed by this.

There is another aspect of the matter. Why should we vote for this Bill when you do not devote your attention to the reduction of expense? This amount could have been easily obtained by a very reasonable and slight reduction in military expenditure. The question of military expenditure is a very sad story. When one compares the percentage of Indian revenue spent on the military in this country with the percentage of the revenue which is spent in England and Germany, one cannot help thinking that the resources of this poor country are being employed for maintaining British imperialism. Imagine that nearly 62 per cent. of the total revenue of this country is being spent over the maintenance of the army, while in Australia, which is strategically in a worse position than India, only 7 per cent. of their revenue is spent on defence. The staggering figure spent in this country on the military is sufficient to arouse the spirit of even a slave nation. In this connection my submission is that the British Army, which amounts to nearly 70,000 in this country, is not absolutely necessary. The cost of a British soldier is three times as great as the cost of maintaining an Indian soldier. It is not possible to say that this army is necessary for protecting this country from foreign aggression. It is too small a force for that. If ever unfortunately a time came and we had to defend our frontiers, the whole of the burden would fall on the Indian Army. Therefore there is no question of the British Army being kept for the defence of our frontiers, because it is hopelessly insufficient for that purpose. It may be kept only for emergencies in case internal peace is disturbed, or for imparting such education and discipline to the Indian soldiers as may be necessary for the Indianisation of the army, not at the pace that is going on now, but at a much quicker rate.

THE HONOURABLE THE PRESIDENT: Will you please revert to the Finance Bill? We have had too many talks on the military expenditure during the last ten days.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN: I will do as you order, Sir, but my difficulty is that if I confine myself to the words of the Finance Bill, they are so few that however much we may try we will only repeat silver, salt and sugar over and over again until we get so thirsty that we will have to drink *sharbat* in a silver cup, and yet it will be impossible for us to occupy even that much time which you have been good enough to allow this House on those subjects. While discussing the Finance Bill, with your permission and indulgence we have to show why that money is unnecessary and why it should be voted when other sources are open.

Now, I am aware that the Defence Department in India has no voice in formulating policy. It is really the Home Government

which formulates the policy. Even the Government of India and the Secretary of State cannot force their will. What I want to impress in this connection is that the expenditure on this Department is so much that a little reduction could easily give us all that is needed to cover the deficit for which this Bill has been introduced. As I have said, if the number of British soldiers is decreased and the number of Indian soldiers increased, this reduction in the British strength will give us a budget which will not be so heavy as it is today. The pace of Indianisation of the army has been dreadfully slow in the last 17 years. If we proceed at that rate it will take a century! There are 7,000 British officers in the country, and every year only 60 or 70 Indian officers are taken. It is said that the proper material for officering the army cannot be found in sufficient quantity in this country, and again and again it has been said that the pace of Indianisation must be very slow and only after experience has been gathered. I say the Indian soldier has shown his capacity to fight wherever he has been sent. Think of what Indian soldiers did in Mesopotamia, Iraq, Egypt and Europe. They have established their worth. The only thing is that the officers have not been given their chance, and if they are given their chance you will see that he will prove himself to be no worse than any other officer and will be quite capable of leading his men to victory. Therefore I warn the Government that the time has come, and the youth of this country is restless and impatient at the pace of Indianisation in the army, the Indianisation should be accelerated.

There is just one other point I want to bring to the notice of the House before I sit down. We are asked to vote for this Bill in spite of the numerous criticisms which have been made against its provisions, while such bitter things are happening abroad that they will not make any Indian feel like voting for a Bill like this, which is neither necessary nor according to the proper taxation tenets, and that is the condition of Indians abroad. You say you want us to be equal partners within the Commonwealth of the British Empire. But what is happening in South Africa? Just when their delegation was touring this country it is said that Mr. Billimoria the sportsman of this country was being insulted on the shores of South Africa. He was not allowed to land. This morning in answer to question No. 93 of the Honourable Mr. Kunzru, what has been said? I ask: Is that how India is going to be kept a partner, an equal partner, within the British Empire? If things like this continue, there is an imminent danger of this partnership being dissolved. I ask that just at a time when this country is asked to enter into a partnership, what has happened and what is happening to Indians abroad? It is impossible for anyone to deny that it is most unjust, most unfair, insulting to the honour of this country. I know that the Honourable Member, the Government of India and everyone here, whether Indian or European, all feel for Indians abroad and representations have been made by the Government of India. We are obliged for that. But that is not enough. At the time when you enter into service, you do take a certain undertaking to serve India faithfully. When you say that you make representations and your voice is not heard by the Colonial Office, what is the honourable course for you to do at that time? The only honourable course for you to do is that right from beginning to the end the whole of the Government of India ought to resign as a protest and then and then alone their voice will be heard by the Colonial Office. That is the most honourable thing that can be done. If you are too weak to go to that extent, I appeal to you, that today you should vote with me and reject the Finance Bill.

With these remarks, Sir, I oppose the Bill.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, my Honourable friend Mr. Nixon used persuasion in his speech to convince us that the policy adopted by the Government was a sound one. My Honourable friend does not seem to me to have that love of pugnacity that characterises his chief and therefore—

THE HONOURABLE SIR JAMES GRIGG : I assure you you are wrong.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I should be very glad to believe it ; I am not interested in believing the reverse of it. Not regarding himself as a knight in a tournament he made every effort to bring conviction to us by placing before us facts which, in his opinion, justified the taxation proposals. Now, let us see whether the picture that he presented to us was the right one that the House should be asked to look at. My Honourable friend Mr. Sapru has dealt with the question of certification so fully that I do not propose to deal with it now. It would be an unpardonable waste of the time of the House on my part to repeat the arguments which he has already acquainted the House with. I will only say that if we are to be presented with accomplished facts year after year, the debates here are a farce, and this House an unnecessary legislative encumbrance.

Coming to the arguments used by my Honourable friend Mr. Nixon we have to consider the matter from two points of view. We have first to consider whether the expenditure incurred by the Government of India is such as to meet with our approval. I do not wish to go into that question at length, but when we are asked to approve of additional taxation we are bound to question ourselves with regard to the policies of the Government of India which impose a certain amount of expenditure on us. Everyone here knows that Government have not been idle since economic depression overtook this country in common with the rest of the world. But I feel that in spite of all that has been done in the matter of retrenchment of expenditure we have a right to ask that the policies of the Government of India should be further modified and that expenditure should be further reduced. Let me first give two or three examples which seem to me to be an indication of the unfortunate attitude in regard to financial matters that still persists in the minds of Honourable Members opposite. At a time like this stringent economy is not only desirable but absolutely necessary. Now, let us see whether the officers appointed in the Secretariat are being called upon to do work which would not be adequately performed but for them. It is obviously impossible for an unofficial Member like myself to have detailed information on this question. But even so, I can put forward one or two examples which are sufficient to rouse the suspicions of Honourable Members on this side and to make them feel that the Government of India are still not quite as earnest about economy as they ought to be. Sir, there is in the Railway Board here an officer belonging to the Indian Civil Service who I believe has been on special duty for some length of time. It is hard to ascertain what is the special work that has been entrusted to him, what is the special duty in which he is engaged at present. Government may for the purpose of replying to me point out something or other that he is doing, but that cannot be an adequate reply to my question. I daresay no one in the Government of India is allowed to sit at home and to earn a comfortable salary, but what we have to ask ourselves is whether the officer concerned has adequate work to do ; whether there was any need for him here. So far I have not been able to ascertain that definite work of any importance has been assigned to him. Perhaps he was placed on special duty as it was expected that there would be a great deal of work to be

done in connection with the establishment of the new Railway Authority; perhaps it was thought that legislation in that connection would have to be brought forward, but so far no step in that direction has been taken and consequently I understand that this officer is really without any responsible work to do. Take another case. Another member of the Indian Civil Service has, I understand, been appointed by Government as the Government Whip in the Legislative Assembly. He is a Deputy Secretary in one of the Departments of the Central Government. Now, I understand that this work of his is to be regarded almost as a whole-time job. He may, when he has obviously absolutely nothing to do, be sent back to his Department and be asked to undertake some work connected with it. But on the whole I have been led to believe that the duties of a Whip would be regarded as normally occupying his whole attention. I could give one or two other instances of this kind but I do not wish to prolong the debate unnecessarily. I shall proceed now to deal with bigger subjects, and I have inevitably to deal with the army because that is our largest spending department.

I have no desire to go into the details connected with the Army Department because several questions relating to it have recently been discussed in this House. It is however still pertinent to point out that, owing to the policies pursued by the Government of India and His Majesty's Government, the expenditure of this Department is at an unjustifiably high level. If a national policy were pursued, if the aspirations of nationalist India were heeded, I maintain, Sir, that without reducing the strength of the army by a single soldier, without affecting its equipment, without in any way lowering its value as a fighting machine, the expenditure on it could be substantially curtailed. This could be done by the substitution of an Indian for the present European agency, both in the higher and in the lower grades. His Majesty's Government are giving a subsidy of Rs. 2 crores to us because of the heavy burden of our military expenditure. This amount is not an entirely new one because it includes £130,000 which used to be paid to us in part payment of the transport charges of British troops. But even the whole of this amount bears no proportion whatsoever to the weight of the military expenditure which we have to bear owing to the retention of a large British Army in this country. Here, Sir, it is entirely a question of policy that divides Government and ourselves. For some reason which Government have never been able adequately to explain they still persist in arrangements which can only be regarded as being based on racial distrust and on a desire to hold India down by force. The least that Britain should do then in return for the maintenance of its power in this country is to increase largely the contribution that it makes towards the cost of the British Army in India. If Great Britain were to realise its responsibilities in this matter, if it could be made to see the crushing burden that its military policy imposes on this country I am sure that, however objectionable the continuance of such a policy might be to us from a political and constitutional point of view, it would at any rate be forced to do us greater financial justice than it has done hitherto. If the financial justice that is due were to be done to us, even partially, the Finance Member would not have to come to us to ask for additional taxation to the tune of Rs. 1 crore and 60 lakhs.

Sir, even apart from the army, the expenditure that is incurred has not for its object the raising of the status of Indians in their own country. I dealt with the position of Indians in the Secretariat of the Government of India a few days ago. It is unnecessary to repeat the facts or the arguments that I used then. The review of the situation which I made then clearly showed that it was not considerations of justice and fairness that guided the Government.

[Pandit Hirday Nath Kunzru.]

of India in making appointments to responsible posts but a desire to keep Britishers there as long as possible. I have no doubt that such a statement would be very unpalatable to Honourable Members opposite but in order to show that justice of my remarks I will refer only to one example. It relates to the appointment of a military officer by the Finance Department to act as the Financial Adviser to the Army. I have no desire, Sir, to use strong language but with all the restraint that I can impose on myself I cannot help asking Government whether this was not a scandalous appointment? What reason can be given for appointing a subordinate of His Excellency the Commander-in-Chief to act as a check on the army in financial matters? Was it impossible for Government to find an officer of the Indian Audit Service to appoint as the Military Financial Adviser? This Adviser has been there for a long time. I do not know when the present arrangement will be changed but the length of time during which it has lasted and the indifference shown by Government to the appointment of capable Indians who are available to responsible posts shows clearly the point of view which, notwithstanding the change in the Indian constitution to which they frequently draw our attention, they continue to hold. Now, Sir, this being the present state of things, we cannot naturally be expected to be enthusiastic over any proposals of taxation that Government might bring forward. When the expenditure is unnecessarily heavy and when it is incurred on objects that I am bound to regard as anti-national, our attitude towards measures of additional taxation will naturally be not merely critical but hostile. But the measures that Government have introduced are apart from this of such a character as to call for the opposition of at least the elected Members.

I will first take up the silver tax. My Honourable friend Mr. Nixon has tried to persuade us that the silver duty would do no harm to the poor man. It may be a tax on his capital, but then it will increase the price of silver internally. I cannot forget the point of view to which the Honourable the Finance Member expressed his adherence in the budget debate which took place in this House a few days ago. Replying to the criticisms that were urged against the silver duty, he said :

“ There is nothing particularly wrong in principle in a tax on capital provided that it is otherwise unobjectionable and for my part I am not in the least penitent about increasing a tax on hoarded capital, capital which is not applied to any remunerative purpose. And that is the answer I would give to Pandit Kunzru. Even if this silver is hoarded by the villager and it is a tax on his capital or his savings, I do not feel perturbed about that, if it will induce the villager to put his savings into a more remunerative form ”.

We all know, Sir, the opportunities which the villager enjoys of investing his savings in remunerative forms. We know the state of utter ignorance in which he lives. It is for Government to spread education in the villages, to create confidence in his mind in the banking system of the country and to induce him to part with money. The question is not as easy as Honourable Members suppose, for some of the money which the villagers keep with themselves in the form of silver is due to the fact that the silver ornaments which Hindu women use are their sole property. They are their *stridhan*, which cannot be taken away from them by anybody. The system in this country will have to be greatly changed before the villager will be prepared to invest all his money in a bank even if banks were within reach of him. The Honourable Member referred to postal cash certificates in the budget debate. The postal cash certificates are there, and they have proved sufficiently attractive. Who could have thought, when the rate of interest on these certificates was high, that they would prove as attractive as they did? I do not think,

considering the investments in the postal cash certificates, that the Honourable Member has any right to charge the villager with ineradicable conservatism. Indeed, the example of the postal cash certificates shows that if proper methods of propaganda are used, if the villager can be made to understand the value of banking investments, he will not be slow to respond to new influences. But, Sir, I will assume for the moment that there is no harm in taxing the poor man's capital. I do not admit that myself, but I will assume that for the sake of argument. Now, my Honourable friend Mr. Nixon says the villager will not suffer on the whole because what he loses on account of the import duty, he will gain because of the higher internal value of silver. How is he going to gain internally? I suppose what my Honourable friend meant to say was that prices in this country would go down.

THE HONOURABLE MR. J. C. NIXON: The price of silver will go up.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Yes, the price of silver will go up. The price of commodities will go down then. If the internal price of silver goes up, I suppose that its purchasing power will also increase. Now, if we have to impose a tax on capital, which is better, a tax on silver or a tax on gold? I think that a tax on gold would be far better, for the effect of it on prices as can be understood easily by Honourable Members would be beneficial to the country. My Honourable friend the Finance Member has said more than once that Government might think of putting an export duty on gold if their object was to devalue the rupee but as they do not wish to do that, they have no desire to put an export duty on gold. He and we hold entirely different opinions on this subject. But what he has said is sufficient to show that if it be the desire of Government to bring about prosperity in this country and to increase the purchasing power of the people, a tax on gold would be far preferable to a tax on silver. The present savings of the poor man might be reduced in value because of the export duty, but if prices rise, a temporary loss would be nothing in comparison with the permanent and more substantial gain that he will make thereby.

I will now pass on to the question of sugar. Let me, like my Honourable friend Sir Ramunni Menon, preface my remarks on this subject with the statement that I am not connected, directly or indirectly, with the sugar industry. I have nothing whatsoever to do with it in any shape or form. I am interested in it merely as a citizen of this country. Now, Sir, what is the position in regard to this industry? The Tariff Board proposed a certain duty on foreign sugar in order to build up the industry in this country. At the time the Board reported, the Government of India had already imposed a heavy duty on foreign sugar and were deriving a large revenue from it. Besides, the Local Governments were in a state of considerable difficulty. The state of their finances was causing them the greatest anxiety. It was felt that if the sugarcane grower could be helped by the establishment of a sugar industry the financial position of the Local Governments would thereby be greatly improved. Consequently, when we take into account the loss of revenue to the Central Government, we must bear in mind the gain of the Local Governments. Now, at the present time the revenue of the Government of India has gone down and they wish to get back a portion of the money that they have lost to the Provincial Governments by imposing an excise duty on indigenous sugar. This is the second occasion on which Government have come before the Legislature with a proposal to levy such a duty. I hold no brief for the Indian industrialists engaged in sugar, but if Government find that the sugar industry has for years been able to do with a smaller duty than that recommended by the Tariff Board, then I submit that the right thing for them is not to impose an additional excise duty but to reduce the import duty. The Tariff Board I know is considering this question, but if Government were not prepared to

[Pandit Hriday Nath Kunzru.]

wait for the Report of the Board before levying an additional excise duty, I submit that even as a temporary measure it would have been better for them to reduce the import duty than to impose an excise duty. I do not mean to say that the effect on the cane grower would in either case have been different. The effect on him would have been entirely the same. But I do submit that the process that I have suggested would have been sounder.

Sir, my Honourable friend Mr. Nixon contended that the excise duty which Government propose to levy would not be against the interests of the consumer or of the grower. Now, it is true that the price of sugar has not risen on account of the duty, and consequently the consumer is not affected thereby. But I am unable to accept the statement that the cultivator also is not being affected by the duty. I do not know what is happening in other provinces, but in the United Provinces from which I come, I understand that the price of sugarcane has already been reduced by a pice per maund. I also understand that while at this time the sugar manufacturers were usually willing to pay a higher price than that fixed by the Local Government, they are not prepared to do so now. I am not at all in favour of the attitude which has been adopted by the sugar manufacturers in some parts of the country. No one here will support them in their attempt to close down their factories for a while to create serious difficulties for the villager in order to bring pressure to bear on Government not to proceed with their proposal for the levy of an excise duty. But their attitude shows very clearly their unwillingness to pay as high a price for sugarcane as they used to. A heavy import duty was levied on foreign sugar in order to improve the condition of the cultivator and if that is not going to be achieved, then I am afraid it cannot be claimed that our policy has been successful. The manufacturers unable to pass the duty on to the consumer have passed it on partially to the cultivator.

Sir, I shall be asked at this stage as to what the Government of India are to do in the immediate present when they are faced with a deficit of Rs. 1 crore and 60 lakhs. Disagreeing as I do with the policies of the Government of India, it is no part of my duty to suggest alternative methods of taxation. But if it were made incumbent on me to put forward proposals of my own, I would make bold to say that the re-imposition of a surcharge on the income-tax on higher incomes and on super-tax would be preferable to the method now adopted by the Government of India. The surcharge would fall entirely on those who can bear it. A part of the excise duty however admittedly falls on the poor man, on the cane grower, the cultivator, whom it is the object of our protective policy to benefit. The Honourable the Finance Member may have been right in reducing that surcharge by two instalments, when he took action in that direction, but what is there to prevent him from re-imposing it at its old level? I venture to think that a proposal of that kind would be received with less hostility by nationally-minded Members of the Legislature than the present proposal has been.

Sir, I do not wish to prolong this debate unnecessarily by repeating arguments which have already been advanced by other Members, but I hope I have been able to show that the measures advocated by Government are not, strictly speaking, necessary, and that from the point of view of the masses they are not the best possible that could have been brought forward. They could have suggested measures which, while bringing them the necessary revenue would have spared the poor man. They have, however, chosen a method which will make a part of the burden fall on the man whose welfare ought to be a matter of special solicitude to us. For these reasons, Sir, I oppose the consideration of the measure before the House.

THE HONOURABLE SIR JAMES GRIGG (Finance Member): Sir, I understand that at the beginning of the debate this morning, Pandit Sapru, that paragon of learning and good manners, complained of my not being here to listen to him. Well, Sir, as you are aware, at the time I was detained in another place on official business and could not be here at the beginning of the debate and I am sorry if that caused the House any inconvenience, but from the report which I have had of the learned Pandit's remarks I have satisfied myself that in not being here to listen to him I at any rate missed nothing of importance!

THE HONOURABLE MR. P. N. SAPRU: You would miss nothing of importance anywhere!

THE HONOURABLE SIR JAMES GRIGG: Certainly, as long as you are speaking!

Sir, the character of the speeches on the Finance Bill debates in the Legislature has by now acquired a certain rhythm. First of all, there is the motif of putting up something which I did not say at all and then knocking it down. Then there is the motif of repeating your own or somebody else's speeches of last year or the year before that without any reference to the lapse of time or without any reference to subsequent events or any argument or information which has been brought to bear upon those speeches. And there is the third motif of voicing emphatic protests—we heard two Members voicing emphatic protests which could with difficulty penetrate about three yeards. If their protests were no more emphatic than the way in which they uttered them I do not think they could have been very sincere.

I come to the first motif—putting up something which I did not say and knocking it down. The Honourable Mr. Kalikar indulged in that performance and I am afraid even after several efforts I was quite unable to get into his head the difference between saying that something was of no importance at all and of deprecating attaching an exaggerated importance to it. Well, if it is not obvious on the face of it, I cannot say any more to bring it home to the Honourable Member. But what I would add is this, that at the time of the budget it was thought necessary to take special steps, the imposition of taxation, to fill up a gap of Rs. 165 lakhs. If the wishes of another place were to remove taxation of Rs. 165 lakhs, then if I was of opinion that it was necessary to fill up a gap of Rs. 165 lakhs in the beginning it was quite clearly necessary that some special measures should be taken to fill up the gap which the votes of the Lower House had made in the Finance Bill. That is the first motif, as I say, of putting up a bogey, a non-existent bogey, and then trying to knock it down. There is the second motif—vain repetition and that was adopted by the learned Pandit Sapru and the Leader, if not the sole representative, of the Congress Party. I suppose in that case repetition takes the place of ratiocination. They repeat the rubbish that they talk so often that they believe it—

THE HONOURABLE MR. P. N. SAPRU: Is the Honourable Member in order? Is it a Parliamentary expression?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is it Parliamentary to characterise another man's speech as rubbish?

THE HONOURABLE THE PRESIDENT: Will you please withdraw!

THE HONOURABLE SIR JAMES GRIGG: I withdraw the word "rubbish" and repeat that what they say so often they begin to believe.

THE HONOURABLE MR. V. RAMADAS PANTULU: May I use the same expression next time that the Finance Member speaks?

THE HONOURABLE SIR JAMES GRIGG: I have got something more to say to Mr. Pantulu—and that with your permission, Sir, 4 P.M. Mr. Pantulu has repeated his untruth, and if he does not understand even that word I will use a shorter one! He does not seem to understand terminological inexactitude; perhaps he will understand untruth.

THE HONOURABLE MR. V. RAMADAS PANTULU: I am saying that yours is the untruth!

THE HONOURABLE SIR JAMES GRIGG: He repeated the untruth that I was here as a representative of British interests. Perhaps even there he has repeated the untruth so often that he believes it. Certainly, Sir, I could with far more truth call him the jackal of big business posing as the friend of the poor! On the last occasion on which I attended a debate in this House he gave certain assurances to the rich. I do not know whether his leader Pandit Jawaharlal Nehru gave him permission to make those assurances which he certainly did. He exhorted the rich not to be worried, because the Congress Party were not going to do them harm. Perhaps to call him anything so fierce as the jackal of big business would be rather absurd. It would be almost as ridiculous to call him a wolf in sheep's clothing. The best thing would be to call him a sheep in wolf's clothing! Those speakers, both, dealt with the constitutional question, which of course is one which is agitating the public a good deal at the moment. No one regrets more than I do that this Bill has had for the third time in succession to come before this House in a certified form. But that is not the point. The point is whether we are justified in over-riding the wishes of the Assembly in order to secure the supplies necessary for the year. Naturally at this particular time I do not want to add fuel to any flames which other events may be causing. But I would say two things. The first is to read a paragraph from the Report of the Joint Select Committee on the 1919 Government of India Act—the Government of India Bill as it then was—in order to show what the position of that constitution which is now in process of passing away really was. A good deal has been heard from people in another place that it is our business to carry out what we are told to do by one or other of the Legislatures irrespective of any considerations of finance or anything else. Here is the Report of the Joint Select Committee on that particular provision—the certification provision in the Bill:

" *Clause 25.*—This is a new provision for the submission of the Indian Budget to the vote of the Legislative Assembly, on the understanding that this body is constituted as a chamber reasonably representative in character and elected directly by suitable constituencies. The Committee consider it necessary (as suggested to them by the consolidated fund charges in the Imperial Parliament) to exempt certain charges of a special or recurring nature, which have been set out in the Bill, e.g., the cost of defence, the debt charges and certain fixed salaries, from the process of being voted. But otherwise they would leave the Assembly free to criticise and vote the estimates of expenditure of the Government of India. It is not"—this is the important phrase,—“It is not, however, within the scheme of the Bill to introduce at the present stage any measure of responsible government into the central administration, and a power must be reserved to the Governor General in Council of treating as sanctioned any expenditure which the Assembly may have refused to vote if he considers the expenditure to be necessary for the fulfilment of his responsibilities for the good government of the country. It should be understood from the beginning that this power of the Governor General in Council is real, and that it is meant to be used if and when necessary ”.

The important phrase is reproduced in the Report on the later clause—actual certification of legislation. The words I wish to call attention to are these:

" It is not, however, within the scheme of the Bill"—that is the 1919 Bill—" to introduce at the present stage any measure of responsible government into the central administration ”.

That, Sir, means that the existing central constitution is absolutely different from the constitution offered to the provinces under the 1935 Act. There in the provinces there is a very real transfer of responsibility and that is quite a different thing from a constitution where it is openly avowed that there was no intention of conferring real responsibility. On the constitutional issue, that is all that it is wise to say at this particular moment.

Then, Sir, Mr. Ramadas Pantulu went on to trot out the old mercantilist argument. It is really a little heart-breaking to come across fallacies of this character and to find them repeated in virtually the same words time after time. I apologise for taking up this point after Sir Ramunni Menon's very thoughtful argument on it. It ought not to be necessary. But I do not for a moment suppose that his preaching will be any more successful than that of the innumerable other people who have tried to expose this fallacy. Perhaps however the organ of hearing may in the long run be effected and the Honourable Member, if he hears the truth often enough, may believe it. It is not the point at all whether the price of sugar is lower than what it was. The point is: Is it lower than you could get it from elsewhere? Nor is it the point that you used to buy Rs. 16 crores worth of sugar abroad and now buy it in India. The point is. How much would you have to pay for your present consumption of sugar say in Java, and there is no doubt whatever, leaving out considerations of the duty, that, for every Rs. 3 crores worth of sugar that is consumed in India, you would only have to pay a crore if you bought it in Java. There is no doubt about that whatever. And the Rs. 2 crores must come from inside India and it must come by reducing the consumption by Indians of other commodities and presumably of commodities which are producible more economically than sugar is. And there is no doubt whatever that, it is almost universally true that diversion of consumption from more economically produced commodities results in economic loss and it is no good concentrating your attention on the sugar industry and its surroundings. You must devote your attention to industry or rather production as a whole. That is one of our main difficulties in answering the absurdities of the protectionist argument,—that we should isolate the one particular industry and leave out everything else. The Opposition case to protection is that the general community loses more than the particular protected interest gains, and I do not think any economist can be found who can rebut that argument.

Then, Sir, on the particular question of this increase in the excise. Sir Ramunni Menon referred with some acerbity to the propaganda of vested interests. I must say I entirely agree with him and knowing some of the particular vested interests who are indulging in propaganda I would say that the very fact that they are getting excited about the interests of the cultivator makes me absolutely convinced that it is not the cultivator who is going to suffer. The particular people who are indulging in propaganda are not interested in the cultivator one scrap. It is their own pockets.

Sir, may I read to the House an extract from the opinion on this question of a man engaged in the producing side of the sugar industry which might act as an antidote to the interesting propaganda that is going on?

"There has been a good deal of pother about the increase of the sugar excise. Personally I believe that the policy, apart from the benefit accruing to Government in increased revenue, is a sound one inasmuch as it tends to have a steady effect on the industry.

[Sir James Grigg.]

The origin of the troubles that have led up to the present state of the industry can, I think, be traced back to 1931, when protection was granted by an excessively high tariff. It resulted in a hectic and ominous rush to put up factories in order to reap big profits on the get-rich-quick idea and with insufficient foresight and care for the future. Nowhere has there been such a rapid and vast expansion of the sugar industry in such a short time as in India. Within two years of the granting of the tariff the number of factories rose four-fold and the output of sugar was troubled. Today there are over five times as many factories as before the tariff. Moreover, the majority of the mills, for no tangible reason, were huddled close together in one or two provinces in sub-tropical Upper India instead of spreading them over the whole country, especially in the tropical parts. Further, in some of the post-tariff factories the plants have proved of inferior quality and deficient in operation, which gives rise to the supposition that they were purchased without adequate technical knowledge. Nor can it be said that many factories have been run and maintained in an efficient manner. In the circumstances it is not surprising that today the industry as a whole is neither efficient nor stable.

Another important aspect is the lamentable lack of unity and co-operation among the milling companies, the necessity for which is abundantly exemplified in other countries. Hence the irony of cut-throat competition in the sale of sugar with disastrous effect on prices instead of pulling together to keep up the market by utilising the liberal tariff to the full. And as the prices of sugar fall so the factories tend to increase their production in order to decrease the cost of production. At present the total production seems about to exceed the home consumption. The increase in excise should, *inter alia*, have a wholesome effect on the rise of production. In this respect the principle of the imposition of this excise is sound, but even so further measures will be needed for the effective stabilisation of the industry".

THE HONOURABLE MR. P. N. SAPRU : Sir, is the Honourable Member permitted to read from the newspapers ?

THE HONOURABLE THE PRESIDENT : He is reading the opinion of a person engaged in the industry.

THE HONOURABLE SIR JAMES GRIGG : Well, Sir, I am afraid I cannot unread it now !

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is that a private statement that the Honourable Member has received or has it been published in the press ?

THE HONOURABLE SIR JAMES GRIGG : It has been published in the *Statesman* of March the 20th. I read certain other extracts in the same sense in another place.

THE HONOURABLE THE PRESIDENT : Well, please don't read any more.

THE HONOURABLE SIR JAMES GRIGG : I am not going to, Sir. I take it that your ruling applies only to the public press.

THE HONOURABLE THE PRESIDENT : You are entitled to quote the opinions of individuals.

THE HONOURABLE SIR JAMES GRIGG : Well, here is something to the same effect showing that most of this agitation is fictitious. We have heard about this business of shutting down on the 31st March. Now, this is not the public press. These are certain Resolutions passed by the Indian Sugar Mills Association before there was any question of an increased excise duty. They were discussing then, in August, 1936, the question of shortening their crushing season. The following resolution, which was moved I think by Sardar Kripal Singh and seconded by Mr. Sherwani, who is one of the people who have been most vocal about the wickedness of the excise duty, is as follows :

"In view of the prospects of over-production of factory and khandsari sugar in the near future, and the large uncontrolled increase in cane cultivation which will result

in the failure of the ryot to find a market for all his cane, this Association recommends to the Government of India that legislation be introduced to prohibit the erection of new factories and to limit the output of existing factories by means of quotas so that the total production can be regulated in some close relationship with the consumption".

Well, the two measures proposed there are not within the competence of the Government of India—the licensing of factories and the establishment of internal quotas—nor indeed are they within the competence of anything but a Dictatorship backed by a pretty large army. The only thing that the Government of India could do in that direction is precisely what we have done, that is, an increase in the excise duty. Well, Sir, I do not wish for a moment to pretend that the primary motive was not the raising of revenue. But I do contend that at the same time as raising revenue for the needs of the Government of India, this measure will have a stabilising and beneficial effect on the sugar industry as a whole, and nothing that has happened since the imposition of the excise was made public has led me to think that we were wrong in thinking that this would have a beneficial effect in spite of the threats of some of the sugar-cum-political interests that this measure, which would diminish the protection of over 200 per cent. by one-fifteenth, would result in red revolution and bloodshed. The trouble about these vested interests, these manufacturing interests, is that they overstate their case, and they always ruin themselves by overstating their case and having it disproved in a very short time. I think Pandit Kunzru referred to the fact that this was the second time when a sugar excise has been imposed or increased in the Legislature. The first time I was not here, but to the best of my recollection, from reading the accounts there was a terrible outcry that this infant industry was going to be ruined and that every factory would have to shut up. What happened was that the number of factories increased enormously and what was apparent was that the amount of the excise was not sufficient to stop this over-rapid development of the industry. And here—I have said it many times before—I would like to assure Honourable Members opposite that I am not advocating and never have advocated pure free trade for India, or anything so absurd, at this time of the day. What I am advocating is that protection, if it is given, should be justified, and not excessive and that you should count the cost in revenue and to the consumer of the protection before you give it and not afterwards.

One little point that Sir Ramunni Menon raised, I may perhaps refer to now. He bewailed the cessation of the grants for rural development in the budget. I feel just as sad as he does. I for one will only be too glad if the improvement in the economic position of India and the consequent resilience on the revenue which can be expected from it will enable these grants to be re-started. I do not think he can expect me to say more than that at the present moment.

Then, Sir, we got the usual succession of alternative proposals for filling up the gap. Mr. Kalikar proposed to fill up the gap by imposing an embargo on gold export. Now, for the life of me—I may be rather stupid, but for the life of me, I cannot see how stopping altogether the export of gold and then imposing a tax on a non-existent export can raise any revenue? Perhaps he will find some other occasion on which to make that dark place plain. It is exactly the same thing as raising revenue by imposing a prohibitive tariff. The Honourable Mr. Muhammad Husain suggested imposing a higher taxation on some articles of luxury. Well, most of these articles of luxury are already showing signs of diminishing returns and there is not very much doubt in some cases that the imposition of a higher tax on them would diminish the yield and not increase it. That was not a very useful suggestion for finding new revenue to fill the gap.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What about an increased import duty on artificial silks?

THE HONOURABLE SIR JAMES GRIGG : I really am not on cross-examination at the moment. I will discuss that with the Honourable Member in private.

THE HONOURABLE THE PRESIDENT : Don't forget the restoration of the surcharges. (Laughter).

THE HONOURABLE SIR JAMES GRIGG : Mr. Sapru and Pandit Kunzru adopted the less absurd form of proposing a heavy tax on gold export and not stopping the export. I do not see how they reconcile their conscience to proposing a tax which falls on the poor agriculturists themselves and their distaste for a tax on salt or a tax on silver, which is *ex hypothesi* hoarded or saved by the poor agriculturist. There is no doubt whatever that an export duty falls in the circumstances of gold, where we have a free world market, on the ultimate seller, and the Honourable Members, who have proclaimed from time immemorial that all this gold which is going out is distress gold of the poor agriculturist, are today proposing to fill up this gap in the revenue by imposing a tax which falls necessarily upon the ultimate seller, which according to their account is the agriculturist. We had other suggestions too. The Congress Party suggested that we should cut pay. Well, Sir, I do not wish to introduce a controversial topic here except to hint in passing that they at any rate have no right to speak about that sort of thing after the refusal of responsibility which we have just witnessed.

Perhaps I might say a few words in closing about military expenditure, and I would say quite frankly that I should be deceiving the House and myself if I thought or said that in existing circumstances, there was any possibility of reducing the military expenditure in India from its present level, or even that it would be desirable if it were possible. References were made—I did not quite catch them—to the cost of armaments in Germany and in Great Britain. Nobody knows the exact cost of armaments in Germany, because there are no published figures, but Mr. Churchill gave a figure, I think, in one of the debates in the House of Commons that Germany was spending on their armaments £800 millions a year. That is—I can be corrected if my hasty calculations are wrong—about 20 to 25 times India's military expenditure for a population of one-fifth of the size of the population of British India. In the United Kingdom, their latest proposals are to spend at the rate of £300 millions a year, which is eight times India's military expenditure, with one-eighth of the population of British India. Pandit Kunzru, I think, impinged more nearly on reality when he advocated an increased contribution from the United Kingdom. My recollection is—the House can correct me if I am wrong—that the late Commander-in-Chief expressed his sympathy with that claim and assured the House—I am speaking from recollection—but I think I have got the sense of what he said—

THE HONOURABLE THE PRESIDENT : You are quite right. He gave that assurance.

THE HONOURABLE SIR JAMES GRIGG—he assured the House that the Government will lose no opportunity in advocating that claim. But I do think it is fair to tell the House that I do not think that the time for pressing that claim is the time when the United Kingdom is trebling her armaments expenditure, while that of India is remaining more or less stationary.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What is the British revenue?

THE HONOURABLE SIR JAMES GRIGG: To the best of my recollection at the present time it is between eight and nine hundred millions.

Then, Sir, by way of an anti-climax and to end on a point of detail, Pandit Kunzru referred to the fact, which is not by way of being a fact as I shall show, that we have appointed a subordinate to the Commander-in-Chief to control the Commander-in-Chief's expenditure. Quite apart from the fact that the control of military expenditure rests in myself primarily, subject to the Governor General in Council and the Government of India, this officer is not a subordinate of the Commander-in-Chief's. He is now a retired officer of the British Army, and the appointment is certainly not intended to be a permanent arrangement. I would agree with what the Pandit said if that was intended to be a regular and permanent arrangement. But, at that particular time, if the Pandit will cast his mind back, the appointment took place in consequence of the breakdown in health and the proceeding on leave at short notice of the incumbent at that time. At that time this seemed to us, and I still think it was, the best arrangement open to us. I say that quite deliberately, but I also say that the arrangement is a temporary one and that it is not likely to last for more than a very short time further.

Well, Sir, I have dealt I think with all the points raised up to now. I have no doubt that other points will be raised, and if so, my Honourable colleague Sir Frank Noyce or the Finance Secretary can deal with them. I am very grateful to the House for listening to me so patiently and I hope they will excuse any acerbity I have shown at a repetition—I must choose my words carefully—of malicious and inaccurate stories by the Congress Party.

THE HONOURABLE THE PRESIDENT: The general principles of the Bill have been thoroughly threshed out and I will now put the Motion to the vote.

The Question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the excise duty on sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, in the form recommended by the Governor General, be taken into consideration".

The Council divided:

AYES—27.

Akram Hussain Bahadur, The Honourable Prince Afsar-ul-Mulk Mirza Muhammad.
 Ataullah Khan, The Honourable Chaudhri.
 Basu, The Honourable Mr. Bijay Kumar.
 Bewoor, The Honourable Mr. G. V.
 Charanjit Singh, The Honourable Raja.
 Clow, The Honourable Mr. A. G.
 Commander-in-Chief, His Excellency the Devadoss, The Honourable Sir David.
 Dow, The Honourable Mr. H.
 Ghosal, The Honourable Sir Josna.
 Glancy, The Honourable Sir Bertrand.
 Haider, The Honourable Khan Bahadur Shams-ud-Din.
 Hissam-ud-Din Bahadur, The Honourable Lieutenant-Colonel Sir Shaikh.
 Ihtisham Hyder Chaudhury, The Honourable Syed.

Jagdish Prasad, The Honourable Kunwar Sir.
 Kay, The Honourable Mr. J. Reid.
 Khurshid Ali Khan, The Honourable Nawabzada.
 Maxwell, The Honourable Mr. R. M. Menon, The Honourable Diwan Bahadur Sir Ramunni.
 Nihal Singh, The Honourable Sirdar.
 Nixon, The Honourable Mr. J. C.
 Ray of Dinajpur, The Honourable Maharaja Jagadish Nath.
 Russell, The Honourable Sir Guthrie.
 Siddiqi, The Honourable Khan Bahadur Shaikh Muhammad Bashir.
 Singh, The Honourable Raja Devakinandan Prasad.
 Todd, The Honourable Mr. A. H. A.
 Williams, The Honourable Mr. A. deC.

NOES—15.

Abdus Sattar, The Honourable Mr.
 Abdur Razzak Haji.
 Hossein Imam, The Honourable Mr.
 Kulkar, The Honourable Mr. V. V.
 Kumru, The Honourable Pandit Hirday
 Nath.
 Mahapatra, The Honourable Mr.
 Sitakanta.
 Mahtha, The Honourable Rai Bahadur
 Sri Narain.
 Maung Aye, The Honourable Captain.
 Muhammad Husain, The Honourable
 Haji Syed.

Padeshah Sahib Bahadur, The Honour-
 able Saiyed Mohamed.
 Pantulu, The Honourable Mr. V.
 Ramadas.
 Ram Saran Das, The Honourable Rai
 Bahadur Lala.
 Ray Chaudhury, The Honourable Mr.
 Kumarsankar.
 Sapru, The Honourable Mr. P. N.
 Sinha, The Honourable Kumar
 Nripendra Narayan.
 Yuveraj Datta Singh, The Honourable
 Raja.

The Motion was adopted

THE HONOURABLE THE PRESIDENT: The Second Reading of the Bill
 will be proceeded with tomorrow.

The Council will now adjourn.

The Council then adjourned till Eleven of the Clock on Wednesday, the
 31st March, 1937.