

3rd March, 1933

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume II, 1933

(23rd February to 10th March, 1933)

FIFTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1933



SIMLA
GOVERNMENT OF INDIA PRESS

1933

M97LAD

Legislative Assembly

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MR. ABDUL MATIN CHAUDHURY, M.L.A. (From 22nd March, 1933.)

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MR. C. S. RANGA IYER, M.L.A.

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LEGISLATIVE ASSEMBLY.

Friday, 3rd March, 1933.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Deputy President (Mr. R. K. Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

REPORT OF THE CAPITATION RATE TRIBUNAL.

622. *Mr. B. Sitaramaraju: (a) Will Government be pleased to state whether the Capitation Rate Tribunal has concluded its sittings and submitted its report?

(b) If the Capitation Rate Tribunal has submitted its report, will Government please state whether that report will be made available to the Members of the Legislative Assembly now?

(c) Will the Legislative Assembly be given an opportunity to discuss the report of the Tribunal?

Mr. G. R. F. Tottenham: (a) Yes, Sir. The report of the Tribunal was presented to the Prime Minister on the 17th January last.

(b) and (c). The nature of much of the material placed before the Capitation Rate Tribunal necessitates careful consideration by His Majesty's Government and the Government of India before the question of the publication of the report can be decided. The whole matter is receiving careful consideration, but no indication can yet be given of the date on which a decision will be reached.

Diwan Bahadur A. Ramaswami Mudaliar: Apart from the question of the decision by His Majesty's Government, what is the nature of the objection to the publication of the report itself, a report by three judicial officers?

Mr. G. R. F. Tottenham: As I have said in my answer to the question, the material placed before the Tribunal, which is referred to in the report, requires careful consideration by His Majesty's Government and the Government of India before the question of its publication can be decided.

Mr. B. V. Jadhav: Does the Honourable the Army Secretary mean to say that the material placed before the Committee is confidential?

Mr. G. R. F. Tottenham: Of course that is a matter of opinion. In fact, it is the matter which is under consideration at the present moment.

Mr. B. V. Jadhav: Will that material be published for the information of this House?

Mr. G. R. F. Tottenham: I cannot give any further information at the present moment, but I will make an announcement as soon as possible.

Mr. B. Das: May I inquire whether the views of the Government of India, which are in agreement with the views of the non-officials, were well represented by the two advocates that represented India, and is the Army Secretary satisfied that India's case was well put.

Mr. G. R. F. Tottenham: I am quite satisfied on that point.

Mr. B. Das: Has the Honourable Member gained his point?

Mr. G. R. F. Tottenham: The Honourable Member may draw such conclusions as he wishes.

Diwan Bahadur A. Ramaswami Mudaliar: May I ask the Army Secretary whether he will be prepared to communicate to His Majesty's Government that it will be neither fair to His Majesty's Government nor to India if the decision of the Tribunal is not published in full, but only the decision of the Government thereon is published?

Mr. G. R. F. Tottenham: I can assure my Honourable friend that his views and the views of other Honourable Members will be fully represented to His Majesty's Government on that point.

IMPROVEMENT OF THE CONDITION OF SERVICE APPLICABLE TO GOVERNMENT PEONS EMPLOYED IN BOMBAY.

623. ***Mr. B. V. Jadhav:** (a) Will Government be pleased to state whether they have received a petition from the Government Peons' Union, Bombay, praying to them to improve the conditions of service applicable to this class employed in Bombay?

(b) Are the Government of India aware that by Resolution No. 1906, passed in April, 1928, the Government of Bombay have provided that peons, who retire after completing 30 years' qualifying service, would get pension equal to half their average emoluments?

(c) Have the Government of India passed any orders on the petition mentioned in part (a)? If so, will Government place a copy of their orders on the table of the House?

(d) If the reply to part (c) be in the negative, are Government prepared to consider the question whether servants doing the same work in the same place for two Governments should not get the same remuneration and the same pension?

The Honourable Sir George Schuster: (a) Petitions from the Government Peons' Union, Bombay, have recently been received, asking that a Resolution on this subject should be moved and passed in the Legislature.

(b) Yes.

(c) No.

(d) The Government of Bombay alone has made pension rules of its own, differing in substance from those of the Civil Service Regulations. The Central Government has servants in every Province and cannot contemplate making changes in its pension rules limited in application to its servants in one particular Province.

INTEREST IN THE IMPERIAL BANK OF INDIA REFUSED TO BE TAKEN BY MUSLIMS AND MUSLIM TRUSTS.

624. *Shalkh Sadiq Hasan: Will Government please state (a) how much interest payable to Muslims and Muslim Trusts was in the Imperial Banks of India during 1931-32 which they refused to take on religious grounds, and (b) how it was utilised?

The Honourable Sir George Schuster: Government regret that they have no information.

Khan Bahadur Hajee Wajihuddin: Will Government be pleased to make an inquiry and get the information?

The Honourable Sir George Schuster: I would remind the Honourable Member that the Imperial Bank is not a Government institution and Government must be very careful in using its position to try and force the Imperial Bank to give information on points of this kind.

Dr. Ziauddin Ahmad: Though it is not a Government institution, it is under the protection of the Government and it is only asking for information, and not taking any control over the administration. Will the Government ask for this information?

The Honourable Sir George Schuster: The Government are always very careful not to interfere with the independent position of the Imperial Bank of India.

Dr. Ziauddin Ahmad: Asking for information is not interfering with independence. That is an entirely different matter.

Mr. Lalchand Navalrai: Does the Honourable Member mean that the Imperial Bank will object to giving this information?

The Honourable Sir George Schuster: I do not know that I have got any evidence of the actual attitude of the Imperial Bank on this particular question.

Mr. Lalchand Navalrai: Will the Honourable Member therefore find that out?

The Honourable Sir George Schuster: I should be pleased to find that out.

Sir Leslie Hudson: Will the Imperial Bank give such information to an ordinary individual?

The Honourable Sir George Schuster: I think it is extremely doubtful.

Dr. Ziauddin Ahmad: What is the other method open to us in this matter? The Imperial Bank is maintained by our money and if the Government withdraw their support, the Imperial Bank cannot exist. In view of that fact, will the Honourable Member tell us what is the other method for us to get this information?

The Honourable Sir George Schuster: I am not quite sure that I followed the Honourable Member's question. I must of course dissent from his original premise that the Imperial Bank is maintained by Government. The Imperial Bank renders certain services to the Government and receives for those services no more than the ordinary commercial remuneration. As regards the question of a method for obtaining this information, I would put it to the Honourable Member that the information is not of a very strikingly important kind and a Bank, in discharge of its duties, must be under some limitations as regards the information it can supply in relation to the affairs of particular clients.

Dr. Ziauddin Ahmad: Since there are certain persons who refuse to take money in the shape of interest, they would be willing to give this interest to charitable purposes. Is there any means of getting this information, because this money which really belongs to the Muhammadans could be utilised for charitable purposes?

The Honourable Sir Brojendra Mitter: There is a recognised method of dealing with this subject. That is known as originating summons. By means of an originating summons, you can get the necessary relief.

**CORRESPONDENCE BETWEEN H. E. THE VICEROY AND MR. GANDHI
PRECEDING THE LAUNCHING OF THE CIVIL DISOBEDIENCE MOVEMENT.**

625. ***Mr. M. Maswood Ahmad:** (a) Is it a fact that Mr. Gandhi, on landing at Bombay on the 28th December, 1931, sent a telegram to H. E. the Viceroy on the 29th December, 1931?

(b) Is it a fact that the reply was that Mr. Gandhi could see His Excellency only if he agreed not to discuss the Ordinances or the repressive measures?

(c) Is it a fact that the rule of repression and Ordinances in the Frontier had begun before the return of Mr. Gandhi from the Round Table Conference?

The Honourable Sir Harry Haig: (a) and (b). I would refer the Honourable Member to the correspondence which passed between His Excellency the Viceroy and Mr. Gandhi immediately preceding the launching of the present civil disobedience movement, which was published in January, 1932.

(c) I would refer the Honourable Member to the statement issued by the Governor General in Council on the 4th January, 1932, and the statements issued by the Chief Commissioner of the North-West Frontier Province on the 24th and 30th of December, 1931, which were laid on the table in reply to Kunwar Hajee Ismail Ali Khan's question No. 417 on the 22nd February, 1932. These statements explain the situation in the North-West Frontier Province which necessitated the action taken.

PROTECTION TO THE GLASS INDUSTRY.

626. ***Mr. Gaya Prasad Singh:** (a) Will Government kindly state whether the Tariff Board has since submitted the report on the question of protection to the glass industry in accordance with the Commerce Department Resolution No. 458-7 (2), dated the 20th October, 1931? If so, when?

(b) Will Government kindly explain the cause for delaying the recommendations?

(c) Have Government received representations from individuals and commercial bodies? If so, from whom?

(d) Are Government aware of the dumping of foreign glass goods on the Indian market, and are they also aware that the delay in the grant of protection is aggravating the condition of the Indian manufacturers?

The Honourable Sir Joseph Shore: I would invite the attention of the Honourable Member to the replies given to Lala Rameshwar Prasad Bagla's questions Nos. 772, 773 and 774 on the 26th September, 1932, and to Bhai Parma Nand's questions Nos. 869 and 870 on the 7th November, 1932, to which I have nothing to add.

Mr. B. Das: Is it a fact that the Honourable the Commerce Member is not taking any action on the report of the Tariff Board on the glass industry as the representatives of the glass industry are not as vociferous as the Bombay millowners and their millionaire beggars in Delhi?

The Honourable Sir Joseph Shore: I can assure my Honourable friend that that is not the case.

ESTABLISHMENT OF A CENTRAL INDUSTRIAL BANK IN INDIA.

627. ***Mr. B. Das** (on behalf of Lala Rameshwar Prasad Bagla): (a) Are Government aware that there is a pressing need for Industrial Banks throughout the country?

(b) Will Government please state if the Indian Industrial Commission of 1916-18 recommended the establishment of a Central Industrial Bank in India?

(c) If the reply to part (b) be in the affirmative, will Government please state if an investigation into the question of establishing a Central Industrial Bank, as proposed by the Indian Industrial Commission, was ever made by them in the past? If so, when?

(d) Are Government aware that Industrial Banks have played a very important part in the development of industries in Japan and Germany?

(e) Are Government prepared to consider the desirability of instituting an early inquiry into the question of establishing or supporting the establishment of Industrial Banks throughout the country?

The Honourable Sir George Schuster: (a) This is a matter of opinion.

(b) Yes. This is a matter in which it is not possible to give a short answer.

(c) The question was examined by the Provincial and Central Banking Enquiry Committees in 1929-1931. The attention of the Honourable Member is invited to the statement laid on the table of the House on the 30th September, 1932, showing the action taken on the various recommendations of that Committee.

(d) Yes.

(e) In view of the recent enquiries by the Central and Provincial Banking Committees, Government do not feel that any further enquiry is called for.

Dr. Ziauddin Ahmad: May I put a supplementary question? In reply to part (a) of the question, the Honourable Member said that this was a matter of opinion. Then do I conclude from this that the Government do not consider the establishment of this Bank to be a pressing need?

The Honourable Sir George Schuster: My Honourable friend has quoted the first part of my reply. In the second part I said that this is a matter on which it is not possible to give a short answer,—because it is very difficult for me to give a short answer which will not be misleading. My attitude would be that any development of sound banking in a country like India would be of great advantage to India.

Dr. Ziauddin Ahmad: I thought the recommendation of the Commission was very definite about this point and that, therefore, there was no room for any difference of opinion or for saying that it was a matter of opinion.

PAY OF CLERKS OF THE INDIAN ARMY SERVICE CORPS.

628. *Bhai Parma Nand: Arising out of the answer given by Government to starred question No. 41(b)(i), put by me on the 26th January, 1932, will Government be pleased to state:

(a) whether it is not a fact that none of the serving clerks of the I. A. S. C. were recruited direct into the upper division (not intermediate division) as introduced by A. I. I. No. 868 of 1923, nor have any been promoted from lower to upper division before the age of 31;

(b) if reply to part (a) above be in the affirmative, whether it is a fact that:

(i) clerks are normally recruited in the lower division [*vide* answer given to question No. 41(a)(ii) put by me in January, 1932 Session];

(ii) the seniormost clerk on the All-India list (Mr. D. D. Deputy) could not attain more than Rs. 265 on retirement at the age of 55; and

(iii) it is absolutely impossible for serving clerks of the Sy. and A. T. Branch of the I. A. S. C. to attain (in the normal course) the maximum of Rs. 375 laid down in A. I. I. No. 868 of 1923?

Mr. G. R. F. Tottenham: With your permission, Sir, I will answer questions Nos. 628 to 632 together.

The points raised by the Honourable Member are being examined and a reply will be laid on the table in due course.

PAY OF CLERKS OF THE INDIAN ARMY SERVICE CORPS.

†**629. *Bhai Parma Nand:** (a) Will the Government of India be pleased to state:

(i) whether before the introduction of the present grading, the maximum rate of pay laid down for clerks of the I. A. S. C. was Rs. 360 (including Rs. 60 being the increase sanctioned in A. I. I. No. 50 of 1921 and subsequently treated as pay proper for all purposes, *vide* A. I. I. No. 518 of 1921);

†For answer to this question, see answer to question No. 628.

- (ii) whether the above maximum of Rs. 360 was actually attained by a certain proportion of clerks before retirement;
- (iii) whether it is a fact that the option of retaining the old rates of pay on the promulgation of A. I. I. No. 863 of 1923 was not given to the then serving clerks; and
- (iv) whether the object of introducing the present rates of pay (*vide* A. I. I. No. 863 of 1923) was to give clerks of the I. A. S. C. better rates commensurate with the increased cost of living caused by the Great War, as was done in the case of all other departments and whether with this object in view, the increase referred to in (a) above, officiating, personal and all other allowances were all merged in the revised rates?

(b) If replies to part (a) (i) (ii) (iii) (iv) above be in the affirmative, will the Government of India state whether in view of the instance quoted by Government, *vide* answer to question No. 41(b)(iii) put by me in January 1932 Session, the professed object of Government has been fulfilled and whether clerks who were previous to the introduction of A. I. I. No. 863 of 1923, retiring on Rs. 360 cannot now go beyond Rs. 265 or thereabout and are thus incurring large pecuniary loss both in respect of pay and pension?

PAY OF CLERKS OF THE INDIAN ARMY SERVICE CORPS.

†630. ***Bhai Parma Nand:** (a) Are the Government of India aware of the acute discontent prevailing amongst the I. S. P. of the I. A. S. C. as voiced from time to time through their recognised association, personal and official representations, the latest being the proceedings of their last annual conference as published in the Conference Number of their Journal for December 1932—January 1933?

(b) Will the Government of India be pleased to state whether they contemplate seriously considering the question of redressing, at a very early date, the long outstanding grievance of this class of personnel in the Indian Army?

(c) Are Government aware that the I. S. P. of the I. A. S. C. (Sy. & A. T. Branch) are not asking for any increase in pay but are simply praying for the rectification of the faulty grading introduced by A. I. I. No. 863 of 1923 so as to make the maximum of Rs. 375, to which Government are committed by the above A. I. I., attainable by qualified clerks?

GRANT OF PENSION TO CHECKERS OF THE INDIAN ARMY SERVICE CORPS.

†631. ***Bhai Parma Nand:** Will the Government of India be pleased to state if the question of grant of pension to checkers of the I. A. S. C. is under consideration and, if so, when a decision in the matter is likely to be arrived at?

PAY OF STORE-KEEPERS OF THE INDIAN ARMY SERVICE CORPS.

†632. ***Bhai Parma Nand:** (a) Arising out of the answer given by Government to starred question No. 41(b)(iii) put by me on the 26th January, 1932, will Government be pleased to state whether they are

†For answer to this question, *see* answer to question No. 628

aware that barring a very few senior-most Storekeepers (Supply) of the I. A. S. C. on the All-India list, none of the other serving men can attain the maximum of Rs. 140 under the present grading laid down in A. I. I. No. 110 of 1923?

(b) Will Government please state whether it is a fact that the maximum rate of pay laid down for Storekeepers (Supply) of the I. A. S. C. is very low as compared with that laid down for Storekeepers of the M. T. Branch of the I. A. S. C.?

(c) Are Government aware that a memorial on their behalf was submitted by the I. A. S. C. Civilian Association through proper channel in 1929 requesting for the revision of their grading so as to bring them to the level of the M. T. Branch Storekeepers?

(d) If replies to the above be in the affirmative, are Government prepared to consider the desirability of rectifying the present grading of Storekeepers (Supply) so as to bring them in line with the M. T. Branch, and in the meantime, to adjust their grades so as to make the present maximum attainable for serving men?

ASSAULT ON RAILWAY MAIL SERVICE OFFICIALS AND REST HOUSE ATTENDANTS AT DELHI.

633. ***Khan Bahadur Haji Wajihuddin** (on behalf of Seth Haji Abdoola Haroon): (a) Will Government be pleased to lay on the table a copy of letter No. Ai-85/A., dated the 17th March, 1932, from Mr. N. C. Sen-Gupta of the Postal and R. M. S. Union to the address of the Director General, Posts and Telegraphs, together with a copy of the reply to it sent by the latter?

(b) Will Government be pleased to state, in detail, the result of their enquiries in respect of each of the 24 officials of the R. M. S. who are the victims of the alleged assault in Delhi?

(c) Will Government be pleased to state the particulars of the R. M. S. officials, who applied for relief in respect of (i) leave, (ii) compensation, (iii) transfer, etc.?

(d) Will Government be pleased to lay on the table copies of the decisions on the said representations?

(e) Will Government be pleased to state whether the periods of absence, necessitated on account of the injuries received by the officials, were treated as ordinary leave and debited to the leave account of the officials?

(f) Will Government be pleased to state whether they propose (i) to commute the leave into disability leave or special casual leave, thus letting the amount of leave, already earned as unaffected, and (ii) to compensate such officials as have actually suffered by remaining under medical treatment?

Sir Thomas Ryan: (a) A copy of Mr. Sen-Gupta's letter to the Director-General together with a copy of the Director-General's reply is placed on the table.

(b) No detailed enquiries in respect of each of the officials concerned were made by the Posts and Telegraphs Department as they were charged with offences which, it is alleged, they had committed as private citizens and not in their official capacity.

(c) (i) and (ii). The officials in question are the following sorters of the Railway Mail Service:

Mr. Ram Sarup I,
Mr. Mangat Ram,
Mr. Sadat Ali,
Mr. Tara Parshad,
Mr. Mohan Lal, II,
Mr. Kifayatulla.

(iii) Government have no information.

(d) Copies of the decisions are placed on the table.

(e) Yes.

(f) No.

Copy of a letter No. A.-I.-85/A., dated the 17/19th March, 1932, from Srijut Nirmal Chandra Sen Gupta, B.L., General Secretary, All-India (including Burma) Postal and R. M. S. Union, Delhi, to the Director-General of Posts and Telegraphs, New Delhi.

SUBJECT:—Police raid on the Rest House, near the Delhi Clock Tower, and severe assault on R. M. S. officials and Rest House attendants.

I beg to offer you sincerest thanks on behalf of members of my Union in general and the R. M. S. officials and Rest House attendants in particular who were severely assaulted by the Police on the 13th instant for the promptitude with which you deputed the Senior Deputy Director-General, Mr. J. R. T. Booth, I.C.S., and Assistant Director-General, Rai Bahadur A. K. Mukerjee to make local enquiries on the spot as soon as the matter was reported to you by a deputation of the aggrieved sorters on the next day. I must also thank you sincerely for the sympathy you expressed, in course of the interview you granted me on the 15th instant, for the R. M. S. officials who suffered injuries from the lathi-charge and were molested in other ways by the Police and for the kind assurance you authorised me to communicate to them that you will do everything in your power to protect them.

2. As directed by you, I discussed the matter fully with Rai Bahadur A. K. Mukerjee in the light of the information I had gathered from some of the eye-witnesses and victims of the Police raid by personal enquiry and inspection on the spot on the 14th instant and acquainted him with their viewpoint. It was gratifying to learn from him that after the enquiry both he and Mr. Booth were strongly convinced of the perfect innocence of the R. M. S. officials in the Rest House on the day of occurrence on the alleged charge of throwing brickbats on the police force from the Rest House building and that they took up a strong attitude before the Police authorities and condemned the unwarranted action of the Police in connection with the raid and the assault. As, however, it appeared to me from my conversation with him as well as from my examination of the injured R. M. S. officials that at the time of the enquiry most of the victims were absent from the Rest House under the impression that the enquiry would be conducted elsewhere I suggested to him that a report from me embodying the results of my enquiry might possibly be of some help to the authorities in arriving at conclusions and as he readily approved of the idea I am submitting the following report bearing only on salient points connected with the raid.

3. I visited the Rest House at about 5-30 P.M., on the 14th March, 1932, and was met by about ten sorters and van-pones who were either victims of the Police raid and assault or were eye-witnesses of the incident and by Mr. Mulchand, Inspector, R. M. S., D. I., who was also there for making a personal enquiry. I was shown round and up and down the building which is a four-storied one of which the 2nd, 3rd and fourth storeys are used by R. M. S. officials as rest-house. I saw signs of destruction in all the storeys, viz., shattered door panes, windows and sashes and broken pieces of glass scattered here and there. I was told by eye-witnesses that at about 6 P.M. on the 13th instant when most of the inmates were either lying on their *charpoyas* or preparing to start for the station and the rest house attendants were cooking food or cleansing utensils a posse of police constables

in uniforms, about 40 in number and armed with *lathis* forcibly entered the premises and without giving any warning whatsoever and in spite of being repeatedly told by the victims that they were R. M. S. officials on duty continued to belabour them with *lathis*, kick them mercilessly and abuse them in the filthiest language. This happened in all the three storeys and doors, windows and shashas were smashed by the police *lathis*. Some of them also entered the cook-room for Muslim sorters and assaulted the attendant while he was cooking. The Hindu attendant was assaulted while he was cleansing utensils.

4. I was told that sorters Ali Hussain and Sadat Ali of D-5 Section, sorters Mohanlal and Taraprasad of D-11 Section, Sorter Kifayatullah of J-Division and sorters Kanhyalal and Van-peon Kamalakant of A-10 section as well as Din Mahommed and Mahfuz, Rest House Attendants sustained serious injuries while others received minor injuries from the police assault. I could not meet those R. M. S. officials who were reported to have sustained serious injuries except Munshi Kifayatullah as all of them had left the Rest House. Munshi Kifayatullah whose injuries on the head were treated and bandaged at the Civil Hospital, Delhi described with tearful eyes that he was severely and mercilessly assaulted with lathi, ticks and buffets and abused in the filthiest language when he was answering a call of nature preparatory to his departure for the station. Some of those I saw had abrasions, sprains and swellings in various parts of their bodies. I give below a list of the assaulted persons with brief remarks about their injuries :

1. Babu Ram Sarup, Head Sorter D-5 (swelling caused in his right hand which he used in warding off the lathi blows aimed at his head).
2. Munshi Ali Hussain, 2nd sorter, D-5 (wrist injured).
3. Babu Mangal Ram, Head Sorter, D-11, (beaten on the shoulder with lathi).
4. Munshi Sadat Ali, 2nd sorter, D-11, (serious injury on head and arm which caused profuse bleeding).
5. Babu Murari Lal, Assistant Sorter, D-11, (right leg hurt).
6. Babu Mohanlal, 4th sorter, D-11 (injury on forehead just above the eyes and also on shoulder).
- *7. Babu Taraprasad, Assistant Sorter D-11, (injury on right hand and right hip).
8. Munshi Kifayatullah, Assistant Sorter, J-Division (serious injury on head and right hand temporarily disabled, profuse bleeding).
9. Munshi Md. Usman Khan, head sorter, A-19, (assaulted).
10. Munshi Aftab Ahmed, 2nd sorter, A-19, (assaulted).
11. Munshi Aminuddin, sorter, A-19, (assaulted).
12. Babu Brijmohanlal, head sorter, A-19, (severely assaulted).
13. Babu Tulshiram, 2nd sorter, A-19, (assaulted).
14. Munshi Nasim Haidar, sorter, A-19, (assaulted).
15. Babu Kanhya Lal, head sorter, A-10, (sustained serious injuries).
16. Kamalakant, van peon, A-10, (serious injury).
17. Bhawaniprasad, van peon, A-19, (assaulted).
18. Munshi Rahat Ali, sorter, A-3, (assaulted).
19. Munshi Ahmad Hussain, sorter, A-3, (assaulted).
20. Sitaram, van peon, A-3, (assaulted).
21. Rambharosa, van peon, A-3, (assaulted).
22. Budha, Rest House attendant, (sprains).
- *23. Din Mohommed, Rest House attendant, (severely assaulted).
- *24. Mahfuz, Rest House attendant, (assaulted).

5. I was informed that all the above persons except one sorter and two Rest House attendants whose names are marked with asterisks were, after the assault and beating was over, arrested and taken to the *Kotwali* and kept in custody there till about 1 A.M., at night when they were released on surety being given by some of their co-workers. I was also informed that in spite of repeated requests the police authorities refused to allow them to inform you of the incident.

6. An ugly feature of the raid was, as I was told by some of the victims, that Rs. 31-12-0, in all was snatched away from the persons of some sorters while another was robbed of his silver stud as per detail given below :

Babu Ramsarup, Head sorter, D-5—Silver stud.
Munshi Kifayatulla, Assistant sorter, J-Dn.—Rs. 10.
Munshi Aftab Ahmed, 2nd sorter A-19,—Rs. 10.
Babu Tulsiram, 2nd sorter, A-19,—Rs. 8-12-0.
Munshi Nasim Haider, sorter, A-11,—Rs. 3.

7. I may be permitted to state that my report is based on oral statements made before me and hurriedly jotted down by me in course of my enquiry and as such may not be strictly correct in point of facts. From the meagre report of the incident published in to-day's *Hindustan Times* a typed copy of which is enclosed, I am convinced that I have under-rated rather than over-rated facts. I believe my report to be substantially correct in point of details and I hope that it will at least help the Department in carrying on further investigations and to form conclusions regarding the important issues involved which I shall discuss presently.

8. From the enquiries, I made I am perfectly convinced that the police theory on which it appears the raid and the assault have been justified, viz., that brickbats were thrown on the police force from the Rest House building is not only improbable but entirely incredible. The building is situated at a distance of nearly 200 yds. or more from the Queen Victoria Statue, where the police was stationed at the time and even the strongest man in the world cannot throw brickbats from such a distance. Even if some bricks were detected in the House, as the police authorities appear to have stated to your officers, the fact cannot be accepted as proof of the throwing of brickbats. Everyone knows that bricks are used by Indians for household purposes, viz., construction of hearths, supporting utensil cases, racks and cots and if a search is made in houses occupied by even high Indian officers bricks will be found there. The verandah on the first storey facing the statue is entirely blocked by strong wire-netting and no missiles can be thrown from there. I found a tremendous row of loose new bricks at some distance, from the Rest House stocked between the building and the Queen Victoria Statue evidently for building purposes and the riff-raffs and hooligans who were responsible for the throwing of brickbats on the police, as reported in the *Hindustan Times*, apparently used these bricks as missiles. I was informed that when these people were being chased and roughly handled by the police some of them raised the cry that the brickbats were being thrown from the Rest House building and the infuriated police were caught in by this mischievous, though improbable story and raided the Rest House with results described above. The conduct of the police as evidenced by the details given in my report distinctly proves that they got entirely out of restraint and acted as if they had run amok. Even assuming for the sake of argument that the brickbat theory was correct there was absolutely no justification for the indiscriminate and merciless assaults on public servants on duty and their acts of vandalism as no resistance was offered by their poor victims. They could maintain law and order by simply arresting all the inmates of the house as they practically did after the assault was over.

9. Another point which I would urge for your consideration is that the police as responsible public servants should have sent you intimation and obtained your formal sanction, if not before entering the premises rented and occupied by the Government, at least soon after taking the men in their custody considering they were repeatedly told by their victims that they were Postal officials on duty and in view of your presence at Delhi. Far from doing so they do not appear to have informed you at all and you were kept absolutely in the dark about such an important and sensational event until a deputation of the sorters reported the matter to you on the next day. The conduct of the police in this particular respect also goes to show that they went off their heads and were not acting as responsible public servants should have done.

10. I may assure you that Postal officials in general and R. M. S. officials in particular are entirely devoid of politics. They are keenly alive to their duties and responsibilities and are true to their salt as Government officials. They have proved their sterling loyalty and sense of duty by a faithful discharge of their onerous duties in most difficult and perilous situations quite unaffected by political movements that have long been disturbing the peace of the country. The R. M. S. officials concerned in the present case are most of them elderly men with long services at their credit. It is inconceivable that these men when they were de-tired by exacting night duties in the running trains or when they were preparing

themselves for the return trips would have either energy or inclination to commit such dastardly crimes as throwing brickbats on the police which would not only render them liable to heavy punishment but also to summary dismissal. They are convulsed with unspeakable grief and feel deeply humiliated by the treatment that they received and at the prospect of being prosecuted on charges in which they had no complicity. They are all poor men and wanting in means to defend themselves properly in case of their prosecution and dread the consequences, in view of the uncertainties of law, of going without a proper defence. My Union, therefore, ventures to suggest that considering all the circumstances, the Department will arrange for their defence in case of their prosecution by efficient lawyers and thus afford them facilities to vindicate their character. My Union also ventures to suggest that in case of their acquittal you will kindly approach the Government for payment of adequate compensation for the bodily injuries and mental anguish and pain they have suffered.

11. I may also be permitted to point out that the place where the Rest House is at present situated has become a danger zone as it is the centre of all political agitation and demonstration and consequently the R. M. S. officials, especially in view of their recent experiences, feel it quite unsafe to pass their rest days there. My Union, therefore, respectfully suggests that steps should be taken to shift the Rest House to a suitable building in a quieter locality near the Railway Station as soon as possible.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

From

T. Ryan, Esquire, C.I.E.,
Offg. Director-General of Posts and Telegraphs,

To

The General Secretary,
All-India (including Burma), Postal and R. M. S. Union,
Delhi.

No. 244-IM/32/Police Raid.

Dated Simla, the 21st April, 1932.

Sir,

In reply to your letter No. AI-85-A, dated the 8th April, 1932, regarding the Police Raid on the R. M. S. Rest House near the Delhi Clock Tower, I have the honour to inform you that from reports received it appears that the case is still the subject of official investigation and proceedings, pending the outcome of which it would obviously be impossible for me to commit myself to any view as to which, if any, of the parties concerned were to blame for the unfortunate occurrence of the 13th March.

2. So far as departmental action in the interests of the staff seemed to be called for this was taken immediately, as you have already acknowledged, by the Senior Deputy Director-General and by the Postmaster-General, on the 14th March. Beyond this I regret that—with every sympathy for any member of the staff who may undeservedly have sustained injury or inconvenience—it does not appear possible for me to intervene in a matter which is essentially one between the police and certain departmental employees relating to acts alleged to have been done by them in their capacity of private citizens.

I have the honour to be,

Sir,

Your most obedient servant,

T. RYAN,
Offg. Director-General.

No. 244-IM/32/Police Raid.

Copy forwarded to the Postmaster-General, Punjab and N.-W. F.

T. RYAN,
Offg. Director-General.

Simla;

The 21st April 1932.

Copy of a letter No. Es.-B.-54-6/33, dated the 2nd February, 1933, from the Director-General of Posts and Telegraphs, New Delhi, to the Postmaster-General, Central Circle, Nagpur.

SUBJECT:—Appeal of Mr. Kifayatullah, Sorter, for the grant of disability leave.

I am directed to refer to your letter No. F.-6-23, dated the 19th September, 1932, forwarding an appeal dated the 22nd July 1932 from Mr. Kifayatullah, Sorter, R. M. S., 'J' Division, in which he prays :

- (1) that the leave on average pay for 2 months and 9 days combined with leave on half average pay for 8 days already granted to him be converted into special disability leave, and
- (2) that he be compensated for the loss suffered by him on account of the injuries sustained in the Police Raid on the R. M. S. Rest House at Delhi on the 13th March, 1932.

2. In regard to prayer (1), I am to say that the injury was not received by the appellant in the performance of his official duties. No certificate from a medical board, as required under Fundamental Rule 83 (3) has been submitted by the petitioner. The appellant has already been granted leave on average pay for two months and 9 days and as the leave rules are liberal the Director-General considers that the leave already granted to him will meet the requirements of his case and is unlikely to operate harshly against him.

3. With regard to prayer (2) I am to add that it is not admissible under any rule. In the circumstances the Director-General while fully sympathising with the appellant regrets that in these circumstances, he cannot see his way to accede to either of the appellant's prayer. He may kindly be informed accordingly.

4. The appellant's service book and character sheet are returned herewith.

Copy of a letter No. 244-I.M./F.R./32, dated the 2nd February, 1933, from the Director-General of Posts and Telegraphs, New Delhi, to the Postmaster-General, Punjab and N.-W. F. Circle, Lahore.

SUBJECT:—Question of the granting of special casual leave to certain sorters who were injured in the Police raid on the R. M. S., Rest House at Delhi on the 13th March 1932.

With reference to the correspondence resting with your letter No. Mails-A./G.-97, dated the 22nd November, 1932 on the subject noted above, I am directed to say that the Director-General while fully sympathising with the injured Sorters does not feel that this is a case in which the regular leave granted to them can with retrospective effect be commuted into special casual leave. The sorters have been given leave on full average pay and as the leave rules are liberal the Director-General considers that the leave already granted meets the requirement of the case and is unlikely to operate harshly against any of the officials in question.

A copy is forwarded to the General Secretary, All-India (including Burma) Postal and R. M. S. Union, Delhi, for information in continuation of this office letter No. 244-I.M./F.R./32, dated the 14th December 1932.

PLACING OF CERTAIN CLERKS ON SPECIAL DUTY IN THE OFFICE OF THE AGENT, NORTH WESTERN RAILWAY.

634. *Khan Bahadur Haji Wajihuddin (on behalf of Seth Haji Abdoola Haroon): (a) Is it a fact that certain clerks were placed on special duty temporarily in the office of the Agent, North Western Railway, to deal with retrenchment work, etc.?

(b) How many posts have been created for this work and for what period?

(c) What extra pay has been given to each of the clerks placed on special duty for retrenchment, etc., and what proportion does it bear to their permanent emoluments?

Mr. P. E. Rau: With your permission, Sir, I will reply to questions Nos. 634 to 637 together. I have called for the information required and will lay a reply on the table in due course.

RE-APPOINTMENT OF RETRENCHED STAFF OF RAILWAYS IN THE INVERSE ORDER OF THEIR DISCHARGE.

†635. *Khan Bahadur Haji Wajihuddin (on behalf of Seth Haji Abdoola Haroon): (a) Will Government be pleased to state whether the recommendation of the Court of Enquiry to the effect that reappointment of retrenched staff should be made in the inverse order of their discharge was accepted by Government?

(b) Is it a fact that Abdul Khaliq, a Muslim clerk, was discharged from the Compilation Branch of the office of the Agent, North Western Railway, on the 10th August, 1931?

(c) Is it a fact that Kanshi Ram, a Hindu clerk, of the same office was discharged on the 10th July, 1931?

(d) Is it a fact that Kanshi Ram has been re-appointed in preference to Abdul Khaliq?

(e) Will Government please state what steps they propose to take to see that such injustice is not done to qualified Muslims?

MUSLIM DRAFTSMEN RETRENCHED FROM THE OFFICE OF THE CHIEF ENGINEER, SURVEY AND CONSTRUCTION, NORTH WESTERN RAILWAY.

†636. *Khan Bahadur Haji Wajihuddin (on behalf of Seth Haji Abdoola Haroon): (a) Is it a fact that Messrs. Abdul Rashid and Mahomed Shafi, senior Muslim draftsmen, retrenched from the office of Chief Engineer, Survey and Construction, North Western Railway, have not yet been re-appointed whereas a junior Hindu draftsman of the same office, named Prabh Dass, has been reappointed in a permanent vacancy?

(b) Are Government satisfied that the Labour Exchange Branch in the North Western Railway is functioning properly in such a manner as to see that Muslim interests are not disregarded in this manner?

†For answer to this question, see answer to question No. 634.

SINDHI HINDUS DISCHARGED FROM THE OFFICE OF THE CHIEF ENGINEER, SURVEY AND CONSTRUCTION, NORTH WESTERN RAILWAY.

†637. ***Khan Bahadur Haji Wajihuddin** (on behalf of Seth Haji Abdoola Haroon): (a) Will Government be pleased to state the total number of Sindhi Hindus discharged from the office of the Chief Engineer, Survey and Construction, during the last economy campaign?

(b) Is it not a fact that most of them were discharged on account of cessation of their work rather than retrenchment?

(c) Will Government be pleased to state if temporary men discharged from an essentially temporary branch like a construction branch are to be treated for the purpose of reappointment as being on the same footing with permanent retrenched staff?

(d) Is it a fact that most of these Sindhis have been reappointed?

(e) Will Government please state whether the Sindhi Hindu clerks of the Construction Branch have been reappointed now strictly in accordance with their turn under rule? If not, why, and who is responsible for that?

RETRENCHMENT OF A CERTAIN JEMADAR FROM THE OFFICE OF THE PUBLIC SERVICE COMMISSION.

638. ***Khan Bahadur Haji Wajihuddin** (on behalf of Shaikh Fazal Haq Piracha): (a) Is it a fact that it was decided to retrench a Jemadar from the office of the Public Service Commission in the last Simla Session, and that one Inayat Khan was retrenched in consequence?

(b) Is it a fact that Jemadars' posts in that office are not isolated and that they must be regarded as on one cadre in that office?

(c) Is it a fact that there were available for retrenchment Jemadars both senior and junior to Inayat Khan in age and service, but that Inayat Khan was retrenched in contravention of the rules laid down by the Government of India in this connection?

(d) Is it also a fact that communal proportion (*vis-a-vis* Muslims) has also been disturbed by the retrenchment of Inayat Khan, for the maintenance of which proportion in Government offices, the Government has given unequivocal guarantees to this Assembly?

(e) Are Government prepared to reinstate him and retrench some other Jemadar?

The Honourable Sir Harry Haig: (a) The facts are as stated by the Honourable Member.

(b) and (d). For purposes of retrenchment jemadars and peons have been treated as belonging to one category. As a result of retrenchment, the communal proportion in this category has been slightly disturbed in the office of the Public Service Commission, but I would refer the Honourable Member to my reply to part (a) of question No. 439 on the 21st February, 1933, which shows the exact scope of the orders in regard to retrenchment of personnel.

(c) He was selected for retrenchment as being the least efficient of the jemadars of his class of whom there were men both senior and junior to him. The suggestion that the retrenchment of this jemadar was not in

† For answer to this question, see answer to question No. 634.

accordance with the orders issued by the Government of India in regard to retrenchment of personnel is not correct.

(e) Government are not prepared to take the action suggested by the Honourable Member.

POSTMEN AND PACKERS SUCCESSFUL IN THE LOWER GRADE CLERICAL EXAMINATION.

639. ***Mr. Lalchand Navalrai:** (a) Are Government aware that the Director General of Posts and Telegraphs Department has issued a notification that the subordinate staff of postmen and packers, who have passed the lower grade clerical examination, will be given preference over outsiders in the event of vacancies occurring?

(b) Will Government be pleased to state whether this rule is strictly followed by the Karachi Post Office under the Sind and Baluchistan Circle?

(c) Is it a fact that seven outsiders, namely, Messrs. (1) Badrinath, (2) Mohanlal, (3) Chiranjilal, (4) Abdul Rahman, (5) Raman, son of Mr. Iyer, the Postmaster, General Post Office, Karachi, (6) Sohanlal and (7) Mohd. Yusuf, have been appointed in the clerical staff when postmen Mr. Nagesar Prashad and Mr. Bhola Dutt had passed the lower grade examination (25th December, 1931), were not given any post, when the above seven posts were filled in?

(d) Will Government be pleased to state why, in spite of the definite notification of the Director General of Posts and Telegraphs outsiders, who have no lien, have been appointed?

(e) Will Government be pleased to state whether postmen and packers, who are outsiders in the Postal Department in the Karachi Post Office, are being given preference over the men who temporarily served in the same Department?

(f) Is it a fact that two outsiders, Messrs. Teja Singh and Bhujan Rao S. Madulair, have been appointed as packers by the Karachi Post Office when Messrs. Khushal Singh and Din Dayal have worked for four years?

(g) Are Government prepared to issue instructions to the Director of Posts and Telegraphs, Sind and Baluchistan Circle, that he should always give preference to postmen and packers who are known as temporary staff?

Mr. Thomas Ryan: (a) The orders issued by the Director-General provide for the preferential treatment of passed departmental men subject to the condition explained in the reply given to Mr. P. G. Reddi's starred question No. 768 in this House on the 26th September, 1932.

(b) Government have no reason to suppose that the orders just referred to are not being strictly followed in the Karachi Post Office.

(c) to (f). Government have no information. If the officials referred to consider that they have a grievance, it is open to them to represent their case through the proper official channel.

(g) In view of the reply to part (b), Government do not consider it necessary to issue any special instructions in the matter.

Mr. Lalchand Navarai: Will the Honourable Member be pleased to say, with reference to paragraph 2, whether he has made any inquiries to find out whether the Director has been strictly following that ruling or not?

Sir Thomas Ryan: No, Sir. I have not made any inquiries. The orders were perfectly specific, and I have no reason whatever to believe that they are not being carried out.

Mr. Lalchand Navarai: In view of the fact, Sir, that the submission has been made that there has been some digression from them or that the instructions are not being followed, may I not expect the Honourable Member to make inquiries and be certain about them?

Sir Thomas Ryan: I have not thought it necessary to make inquiries, Sir, but in deference to the Honourable Member's expressed wish in the matter, I shall make inquiries.

Mr. Lalchand Navarai: Thank you very much.

With regard to clause (c), these people do feel affected and I shall be thankful to the Honourable Member if he will inquire if they have any genuine grievance.

Sir Thomas Ryan: The inquiries which I have promised to make to satisfy the Honourable Member will cover that point.

Mr. Lalchand Navarai: Thanks very much.

STATEMENT OF BUSINESS.

The Honourable Sir Brojendra Mitter (Leader of the House): Mr. Deputy President, as already announced by me last Thursday, the five working days of next week, from Monday to Friday, will be taken up entirely by the voting on Demands. I also wish to take this opportunity of informing the House that Government intend to move for consideration of the Finance Bill on Monday, the 13th March,

THE GENERAL BUDGET—GENERAL DISCUSSION—contd.

Mr. Deputy President (Mr. R. K. Shanmukham Chetty): The House will now resume the general discussion of the Budget.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muham-madan Rural): Mr. Deputy President, I am thankful to you for affording me some little more time to go through some of the Budget papers. I can now say that I have at least tried to read most of these papers and I should say that, in addition to the very elaborate speech of the Honourable the Finance Member this year, we have got a very fine supplementary memorandum from the Financial Secretary in which all possible points of

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information have been given with such lucidity and detailed explanations as will, I think, satisfy this side of the House. Yesterday, Sir, I was dealing with the question of the restoration of five per cent. of the salaries' cut. I was making the point that it was not so much out of solicitude for the poor Indian clerks in Government service that this salary cut has been partially restored, but that it was the pressure from the Indian Civil Service, not only here in India, but also in England, that has compelled the Government to restore the five per cent. cut this year and it would seem as if they will be compelled to restore the other half next year, whatever may be the financial condition of India. Sir, on this point I should like to remind the House that it is not so much the sanctity of contract with these officers. I think when most of the officers now in the services joined, this high scale of salary was not a condition of service at that time. If I remember aright, it was in the year 1918-19 when the Peace Treaty was concluded that the price levels were very high. At that time, due to constant pressure from the civil services, the Government had to yield and raise the scales of salaries of their officers to an inordinately high amount which positively proves extravagant in these days of low prices and of low cost of living. I shall not today go into details and compare the scales of salaries that obtain here in India with those that obtain in other richer countries which are in a position to pay higher scales of salaries. But what I maintain is that the present scale of salaries is very high. Then the Lee concessions were added. These were meant only for non-Indian officers, but were extended to other officers in the Railways and other Departments, not even thought of by the Commission itself. Now, our point is that before restoring the cut in salaries, Government should have considered the condition of the Local Governments as well. The Government of Bengal, I know at least, can never make their two ends meet, because of the Meston Award. I think it is only in the Presidency of Madras that they usually have a surplus Budget, but all the other Provincial Governments are in a very sad plight. The question of the restoration of cuts should, therefore, be considered when the condition, not only of the Central Government, but of all the Local Governments, has been improved. I leave that question there, because I know it has already been discussed and will be discussed also later on.

Before I pass on to other items, I should like to say just a word about the Postal Department. It is always claimed that the post offices pay their own way and the unfortunate amalgamation of the telegraph accounts with the postal accounts makes the postal budget always a deficit budget; otherwise there is no reason to raise the price of the post cards and envelopes so high. On the other hand, it has always been argued that these are two different branches of the same Government and, so, whatever is gained on one side would have to be paid on the other. Sir, I do not agree with that argument at all. When accounts are to be kept, each branch of the Government of India should keep its own account separate, so that each Department may be judged on its merits. I understand that even with regard to the retrenchment suggestions that were made, there has been very little retrenchment on the telegraph side. My information is that the telegraph engineering side has been left untouched. So I should like to suggest one thing that, instead of making guesses about the postal and telegraph accounts, there should be separate

stamps for telegrams so that the accounts on the telegraph side may be clearly set apart and be judged separately. That is a suggestion which, I hope, Government will consider, so that in future instead of making guesses and the postal people complaining, there may be accurate accounts enabling us to judge whether the postal side is having its balanced budget. In that case it will be possible for the question of lowering the rates for post cards and envelopes being considered on its own merits.

I shall then deal with a few figures from income-tax only to show,—I have not very much sympathy for income-tax payers,—that the cost of realising the 18·23 crores would be 85 lakhs. I am taking the figures from the explanatory memorandum of the Financial Secretary. In 1931-32, there were 17·49 crores and the cost of it was 74 lakhs. In 1932-33, the income was 17·70 crores and the cost was 78 lakhs. That shows that there is an increase of 21 lakhs in income and the cost of collection increased by 4 lakhs, which comes up to 20 per cent., while the cost of the previous collection of income-tax was only 4½ per cent. From this I should like to impress on the Finance Member that if the cost of collection for this extension of the income-tax to people with income below Rs. 2,000 is so disproportionate, it is fair that Government should consider the question of remission for people below Rs. 2,000.

Then I should like to say a word about salt. Here, there is no suggestion about any alteration. But we, who come from Bengal, must say a word about the additional salt duty for which we may or may not have any chance to speak. The purpose of the additional salt duty was to afford some facilities for the indigenous manufacturers in Bengal to produce salt for consumption locally, and it is known to the House that no efforts have been made in that direction. The money that was sent back to Bengal for that purpose has been utilised by the Bengal Government for their own purposes and I think no amount has been spent to make any effort to have local manufacture of salt in Bengal. Now, the condition of the people there has been very graphically described by my friend, Mr. Amar Nath Dutt. Their produce is not getting the proper price, and any additional charge on their bare necessities is really the last straw to break the proverbial camel's back. So, I think there will be unanimous support, at least from Bengal Members, on this question that Bengal should not be further burdened with any additional salt duty at this time.

I have to say just a word about the duties on kerosene oil. The House knows that there is a difference of four pies in the excise and import duties on kerosene. I think there has been no explanation up till now why this difference is being maintained. The price of kerosene in India is settled by the price that the imported kerosene can obtain in competition with the Burmah Oil Company. The Burmah Oil Company puts its price exactly on the same level as the price that the imported kerosene can fetch here in India. So, there is no ground why this difference in the excise and import duty on kerosene oil should go to the pockets of the Burmah Oil Company and should not be utilised by the Central Exchequer. I hope the Honourable the Finance Member will explain to the House how, in these very bad times, he does not think of equalising the excise and import duty on kerosene oil. Referring to the figures I find that the import duty on kerosene has reduced the imported duty in the year 1929-30 to Rs. 164·33 lakhs. The revised estimate for the year 1932-33 is 150·00 lakhs, while the amount realised from the excise duty on kerosene in

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1929-30 was 95·70 lakhs, and the revised estimate for 1932-33 is 275·00 lakhs. That shows that due to this difference in the excise and import duty, while the foreign import has been decreased, there has been a great increase in the Burmah Oil Company's supply and by this the Indian revenue has been deprived of a legitimate sum for which I think there is no special ground why they should be treated as they have been. If I remember aright, in one of the earlier speeches it was said by the Honourable the Finance Member that there was not to be any difference between the excise and import duty on kerosene.

I would now say just a word about the Army. It has been claimed that the Army expenditure has gone down very considerably. The main reason that has been shown is the lowering of the price of foodstuffs and other necessary articles. So, if that be the main ground for the contraction of the Army Budget, when there will be a rise in price of commodities, it will again inflate to 50 crores or more. So I think no credit can now be claimed, and the pressure of the Indian Members of this House in regard to this matter remains the same.

It has been admitted that at present the Indian export is less than the whole of India's import by about two crores of rupees and that for the payment of our home charges or other invisible imports, we had to pay for the last two years by exodus of gold. The question has been elaborately dealt with by the Honourable the Finance Member, but yet we can ask him how long can he expect this process to continue? He thinks that this exodus of gold is really "exchanging one form of investment for another", but here we do not agree with him. I know the theory that gold cannot be eaten and so there should not be any anxiety to keep gold; if it is profitable, why should it not be exported? But there is also the evident anxiety on the part of all nations to keep as much gold in their countries as they can. Here my point is that unless there are serious efforts on the part of the Government of India to increase India's exports, they should pay not only for the visible imports, but also for the invisible imports by sending her gold reserve. There is no way out. India must so arrange that there should be a sufficient volume of export from our side to cover all our liabilities, whether in the shape of imports or interest charges or other home charges. The remedy is to encourage industry and manufacture. When that question is raised, the general answer—the Honourable Sir Frank Noyce will rise and say—will be that industry is a department which is a transferred provincial subject, so the Government of India have nothing to do with it. If we refer to these transferred subjects, we find that all matters that relate to the building of the nation are provincial subjects. But in fixing the allocation of the fund, the Government of India keep all the expanding heads of revenue in their hands. We, in Bengal, as I have said before, have been hard hit because of the Meston Award. The excise duty on jute is all monopolised by the Government of India. The whole of the income-tax, and out of a revenue of 40 crores 30 crores or more are usurped by the Central Government.

Now, the decision of the question about Federal Finance will be settled in about two years' time. I understand that there is some chance of doing justice to Bengal in the future constitution. But during these intervening period of two years, I do not know how the Bengal Govern-

ment can see their way to balance their Budget. We find that the whole of this excise duty is now absorbed by the Government of India, while nothing has been done for the jute industry of Bengal

Mr. Deputy President (Mr. R. K. Shanmukham Chetty): The Honourable Member has one minute more.

Mr. S. C. Mitra: The jute industry is really the producers' monopoly, but Government have failed to take any step in helping the poor Bengal ryots in organising their position. They have failed to take any advantage of this monopoly. Rather the merchants are dictating their terms and, if I refer to the figures, I can show that they have been compelled to restrict even the growth of jute in Bengal.

Sir, we have received no reply from the Finance Department about the Third Report of the General Purposes Retrenchment Committee. What steps they have taken in giving effect to the recommendations of the Committee as regards the Foreign and Political Department? Neither the House has been told anything about the new scales of pay that Government are going to enforce in future, nor have they told the House about what they propose to do in this connection. The House certainly can claim this information from the Government.

Now, I want to say only one word, Sir, about the Hindu University. I am grateful to Sir Muhammad Yakub for raising the question of grants to Universities. I agree with him that there should not have been any cut in the educational institutions, and if the question of giving aid to the educational institutions and Universities are taken up by Government, I hope the question of the claim of the Hindu University in this matter will not fail to draw the attention of the Government.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I wish first of all to join with Honourable Members who have preceded me in congratulating the Honourable the Finance Member on the way he explained the Budget to this House. His speech was remarkable not only for its lucidity, but the Honourable Member showed great skill in avoiding the dangerous corners. The Budget itself is again an emergency Budget. There is very little difference, only some slight variations from the previous Budget. We have the same scale of taxation and tariffs, and the Honourable the Finance Member does not promise any relief whatever to the general public or to the industries of the country. He says the emergency due to world depression continues. In this country it seems to me that once an emergency has started, it never comes to an end, both in the political and in the financial sphere. I think the Honourable Sir George Schuster fully realises that this state of things cannot continue indefinitely. The present rate of taxation is crushing the industries, is paralysing every industrial enterprise and is telling heavily on the ordinary lives of the people. No relief, as I have said, is promised to the general tax-payer or to the industrialist; only some relief is given to the officials. As regards that a great deal has been said and all that I wish to point out is that Indian public opinion in this matter is very strong and the European public opinion is to a great extent also with us that relief ought to come simultaneously to the officials as well as to the general public.

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Sir George Schuster quite rightly takes credit for bringing about equilibrium of the Budget. As custodian of the public finances, he is undoubtedly right in laying every emphasis on that aspect of the question. But I am sure, he realises also that that is not all that is needed. The Budget may be balanced and yet the country may be no better off. The people may be groaning under the burden of taxation; they may be starving, and the Government of India's Budget may be properly balanced and, if the Finance Member chooses, he can even show surplus. He has also laid great stress on the necessity for maintaining the credit of India. Even that can be pushed too far. No Indian would like the credit of India to be impaired in the estimation of the world; but it is no use thinking merely of the investors, of men who have got money to invest in Government securities. We have got to see how the resources of the country are being developed, we must find out means of developing further the resources of the country, so that there may be as little need as possible for going frequently to the market here or in England for loans. We realise fully that the position is a difficult one; but my complaint is that the Government of India are making no effort to get out of this rut.

There is one obvious way which, I am glad to find, has appealed also to my friends of the European Group—that is, to reduce the military expenditure. This is quite possible, but I know it is also the fact that the military authorities think that the army expenditure cannot be further reduced. Naturally enough they think so, because it is their own department and they want the army to be as well equipped and as efficient and large as possible. But they have to be made to realise the financial position and it is the business of the Government of India as a whole and of the Finance Member in particular to tell them in definite words: "This is the limit and we cannot give you anything more, and you have to make the best of the situation." We feel and feel very strongly that there is considerably more room for reduction of the military expenditure. ("Hear, hear" from the Non-Official Benches.) We say that if you reduce the military expenditure by another six crores, the efficiency of the army will not be impaired to any dangerous extent. Time after time this question has been raised, and what has been done so far is, we say, wholly insufficient. That is the main point upon which I must ask my Honourable friend, Sir George Schuster, to concentrate all his efforts. I read with great care the speech which he delivered at the Ottawa Conference. The picture that he painted then is still vivid in my memory. He pointed out then how the army expenditure was swallowing up the revenues of India, leaving nothing for developing the resources of the country and brightening the lives of its people. I want to remind him of that speech of his, and I wish to ask him as earnestly as I can to concentrate all his energies in reducing further and to a substantial extent the army expenditure. That is the only way out of the difficulty. He realises, I am sure, indeed a man of his natural gifts and talents who has been conversant with the affairs of the country for so many years now, must realise that some way must be found to get out of the present groove and out of the difficulties that now confront us. There is only one way at present that I can see and that is as I have said, to reduce the military expenditure.

He has told us that in the civil departments of the Government of India he has effected considerable retrenchment, nearly as much as was recommended by the various sub-committees. I admit that I have not had the time to examine that position: my friend, Mr. Mitra, has just

pointed out that no information is available regarding the Political Department. We made a report on that subject and we shall deal with that when we discuss the demands. In these times of great financial distress, Sir George Schuster marvels at the great power of resistance shown by the people of India. But I submit to the House that that is not an accurate way of expressing the situation. The situation is that the people, in order to live at all, have had to exhaust all their capital resources; and by this means they have managed so far merely to exist. He has laid stress on the fact that there has been increased consumption of what he calls the necessities of life like cotton piece-goods, kerosine oil and salt, but he seems to have overlooked the fact that during the last ten years there has been a considerable increase in population to the tune, I believe, of about thirty millions. That would account for whatever increased consumption there has been. But even taking the higher figures of this year, what do you find? He has given us the figures of the current year in respect of the cotton piece-goods that have been consumed. If you divide that among the 850 million people, what does it amount to?—A little more than 16 yards of loin cloth throughout the year.

Now, take kerosine oil. I understand that even the villages of Europe are now lighted with electricity. What do you allow to the people here? Just a little kerosine oil to light their cottages and an extra pinch of salt. Supposing there is available a little more kerosine oil and an extra pinch of salt, is that a matter on which we should be asked to feel satisfaction or even any consolation? Most surely not. I do hope that the Finance Member of the future will not confine his attention to barest necessities of this character.

Sir George Schuster does not believe in gold at all. I think he told us on one occasion that gold was not to be eaten. That is perfectly true. But as has been just pointed out, all civilized countries are competing with each other in order to secure as much gold of the world as possible. Why,—because that is the basis of currency, and it is going to remain the basis of currency for a long time to come. What is the opinion in England now? Is it not veering round in the direction that England must have once again a gold standard? Where has all this gold of India gone to? To England.

An Honourable Member: No.

Sir Abdur Rahim: Most of it, at any rate, has gone to England. Sir George Schuster himself told us that he has been buying gold and keeping it in reserve there. What for? To support the currency in England, to pay off the loans. How is this done? By raising more loans in England and here. All this gold, or most of it at any rate, is kept there. That will be of use to England, but according to him it is of no use to us. In this connection I may say that I am inclined to agree with what Sir Leslie Hudson said yesterday. I understand he made a very sympathetic speech which drew applause from this side of the House. He was perfectly right in pointing out that a great deal of this gold is what is called distress gold made up of the trinkets of the masses, but I cannot agree with him when he says that there should be an export duty on gold. Sir, I should like that this House should consider this question carefully, but it strikes me at present that, so far as the distress gold is concerned, the imposition of an export duty would only mean that the poor man will get less. That will mean no relief whatever to the poor people. In this connection I should like to know from the Honourable the Finance Member why the sterling loans of five and six per cent. have not yet been paid off? Surely the

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process of conversion which he has adopted in India and against which I wish to say nothing,—indeed it was the right course to adopt,—should have been adopted with reference to these sterling loans also

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): England also adopted it.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): They must fall due.

Sir Abdur Rahim: I believe they are already due.

Now, there is another thing I should like to refer to. The Finance Member sees in the increase of post office cash certificates and savings banks deposits the channel to which the sale proceeds of gold has been diverted. Now, Sir, so far as the poor peoples' gold is concerned, I agree with Sir Leslie Hudson that the sale proceeds of the distress gold is not represented in the post office cash certificates and savings bank deposits. The very fact that it is distress gold shows that it was not meant for investment. The answer is really given by my Honourable friend, the Finance Member, himself. He seems to recognise that these increases in small savings or rather small investments are really the result of low commercial and industrial activity. Industrial enterprise has received a serious set back, and people with small capital do not know how to invest their savings. Instead of investing such savings in industries, they have sought the only other method open to them of investing in Government securities. That is the explanation for the increase in post office cash certificates and savings banks.

There is another very important matter on which I wish to say a few words, and that is the policy, as my Honourable friend calls it, of capital expenditure. It is a very important subject, and when I came to read the portion relating to capital expenditure, I thought I would find something which would be enlightening. I am afraid I have failed to find any useful suggestion in his speech in this connection. All that he said was, loans have to be raised, if they are to be raised at all, for the purpose of railways, and he supports his suggestion by stating that capital expenditure must be productive. How productive these railways are at present, I need not remind the House. Is it the intention of my Honourable friend to invest more of these borrowed monies in railways, to float more loans and invest those monies in railways in any form? Sir, he has coupled roads along with the railways. He is not very explicit on that point, but if he suggests that the Government have a scheme in contemplation by which railways will be allowed to monopolise a good portion of the motor traffic by roads, then that is a very controversial point indeed, and we will have to examine the question very carefully before we can adopt a policy of that character.

Sir, as I read the newspapers I find that Government after Government of all countries of Europe and America, when presenting their budgets through their Ministers, are fixing their attention first of all on the question of employment in the country. Throughout the 12 Noon. Finance Member's speech, which covers 40 pages, I do not think I found the word "employment" anywhere.

An Honourable Member: There is.

Sir Abdur Rahim: If that is so, I do not know in what connection it appears. Probably in connection with the Civil Service. Anyhow, the question of the employment of the people here has never been put forward as one with which the Government of India are concerned. I looked into the abstract of the census report and I tried to find out whether, as a matter of fact, the question of employment had been considered by the Census Commissioner. So far as I could judge from the figures that are given there, I think the unemployed in India would be very nearly 50 millions. Some say it is 80 millions. It may be between 80 millions and 50 millions. The real point is this. There has not been sufficient development of industries in this country and indeed no attempt has yet been made in this direction. I should have expected that Sir George Schuster, in his last Budget speech, would have given us his own ideas. He is a man of great gifts and, I am sure, he could have given us suggestions as to how to develop properly the vast resources of the country and how to find employment for the millions of people. I saw in the newspapers that the Government of India were thinking of some plan for the economic development of India and, as a matter of fact, a meeting of economists was held in Delhi. A question like this should not end with meetings or even with the organisation of a statistical development. I find that provision has been made for the strengthening of the Statistical Department of the Government of India. We do need much more detailed statistics, especially of the industries in the country. In fact we found during the discussions on the Ottawa Agreement that the Industries Department had not even a list of the growing industries of the country. I hope that the new statistical department or the officials who are in charge of the business will see to it that proper figures are available to the public as regards the industrial activity of the country.

Sir, I am afraid, my time is up, but I wish to say this, that I have not the least doubt that Sir George Schuster has done all that he could, within the limits allowed to him, to do justice to the interests of the people of India. We all realise that he is not free to make such Budgets as he would like. He is controlled by Whitehall and, as a matter of fact, the Indian Budget is a subsidiary Budget to the Budget of the British Government. That is the plain unvarnished fact. If India, under the new constitution, gets full responsible Government. I can assure Sir George Schuster that we should like to have a man of his great financial experience and talents as our Finance Minister. Then Sir George Schuster will present a Budget very different from the one which he has now presented to us.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I join with the other Honourable Members in congratulating the Honourable the Finance Member for presenting his Budget with a very good speech and in the best way he could under the present circumstances. I need not dilate at great length in congratulating him and saying good words, because he knows that he has got the best wishes of myself and the whole House with him. We have always admired him for his great talents. He is a great financial expert and has shown his good sympathy to the Indian finances.

There are, however, some phases of the Budget which it is my duty to explain to the Honourable Member and to the House. There are certain matters which present a very gloomy feature and which show that India is not advancing properly and that there is something wrong with the India of today. In spite of the great movement that India should use

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the home made cloth, swadeshi cloth, and especially khaddar, about seven crores worth of cotton piece-goods have been imported into India. Although the Indian Exchequer gained in the matter of customs duties to the extent of 6.40 crores as against the previous 3.79 crores, by importing cotton piece-goods and raw cotton, I ask, at whose cost has this been done? I know that all this money has been obtained at the cost of the poor weaver in the villages. The hand loom industry is at present telling very hard on the people engaged in it. The poor weavers are starving today. They cannot make both ends meet. Still we are getting this foreign cloth imported into India at this high rate. Although it may be called unpatriotic on the part of Indians, who have, in spite of these movements, resorted to purchasing more foreign cloth, still there must be something which must be responsible for allowing this quantity to come into the country. The Honourable the Finance Member explained fully that the prices of Japan-made goods fell down to a great extent and that that was responsible for dumping these goods in India. If this had been foreseen sometime ago, when the Finance Bill was introduced, some kind of check could have been effected on this dumping. Even now, Sir, the time is not lost. Although the Honourable the Finance Member says that there is not much probability of having so much foreign cloth coming into India in the coming year and that, therefore, he budgets his income at a low figure, I do not see how it can be presumed from past experience and the low rates of exchange prevalent, which factor has shown that this process does and will continue. It may be said that the last four months of this year have not shown so much cloth being imported as during the previous eight months, but still I doubt that the circumstances will not repeat themselves again and that India will not have to buy at the cost of the poor handloom weavers. What we require at present is to provide people with some kind of employment. If we could find employment for our poor weavers, we would not have had to press so strongly that this import of foreign cotton should be stopped; and unless we do put up obstacles in the way of imports by means of high duties or some such method, we cannot help our poor citizens who are living from hand to mouth and cannot afford to live at all decently. I have seen lots of weavers come up and complain that they do not find so much employment now-a-days as they used to before. That is natural enough owing to the large quantities of foreign cloth that have been imported, and which, as has been explained by the Honourable the Finance Member, is really responsible for all this distress and for their not getting their bare living wages. Japan may have been a great competitor with Indian industry or it may be with English goods, which, by the way, have seen some kind of revival during the last few months, but we have to put before us the welfare of Indian industry and Indian workers and not that of any other country before us. Although my friend, Mr. Mody, may be desirous of some kind of relief for millowners, I should put such demands in the second category. We should remember, first of all, the people who are living from hand to mouth and are engaged in our village industries. (Hear, hear.) My Honourable friend has shown that the duty on raw cotton has gone up to 62 lakhs instead of 32 lakhs. Now, I ask, why has this cotton been imported into India? That has not been explained. Surely that shows that our own cotton which our people are growing must be suffering greatly and that the Indian industry, instead of being helped, must be suffering by reason of this import from foreign countries.

An Honourable Member: That may be for finer cloth.

Mr. Muhammad Yamin Khan: It may be said that this may have been required for making finer cloth. But surely people who now use so much finer cloth can use a little coarser cloth. If our people had been truly patriotic, if they had used for their purposes some kind of cloth made in their own country and not confined themselves to cotton from foreign countries, we would have had a different tale and I would not have cared for this loss of 30 lakhs in our duties. I think there should be lesser income to the customs in this respect and thus provision for the manufacture of goods from cotton grown within the country itself.

Another thing which strikes me is the case of motor cars. The average imports up to last year were 11,400 cars. Last year we got only 5,300 cars, that is, less than half. I think, Sir, that is a good augury. I do not grumble at this decrease. Monies spent on motor cars, Sir, have been a kind of drain of the resources from this country to foreign countries, and I have wondered all these years why there has been such a craze for Swadeshi cloth, but no movement against the import of motor cars. Now, why there is so much slackness on the part of capitalists in putting up even one factory for building motor cars, I am at a loss to understand; it would be much more patriotic to purchase your own cars rather than have American and other foreign cars imported into this country.

Sir Leslie Hudson (Bombay: European): What about the Calcutta Corporation?

Mr. Muhammad Yamin Khan: Sir, all these monies go to America and other foreign countries. I would invite my Honourable friends, Mr. Mody and Sir Cowasji Jehangir, to the desirability of their not putting their money into foreign Banks outside India in order to avoid income-tax, but to utilize them to build up this industry in India, and, if they do so, they will benefit India a great deal.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): I am now using a bullock-cart!

Mr. Muhammad Yamin Khan: That will be good, and I hope my Honourable friend will go on using a bullock cart until he builds a factory for the manufacture of motor cars himself.

Dr. Ziauddin Ahmad: Let us have the story of the Calcutta Corporation.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): What will happen about the petrol?

Mr. Muhammad Yamin Khan: I don't mind some little loss to the Indian Exchequer resulting from lesser imports of motor cars if that entails more profit for the people at large investing in the Indian industry, if one is created, of motor cars. Then, Sir, there is a veritable craze now-a-days among people for exchange of motor cars quite unnecessarily. With the lowering down of prices by just a bit, people are tempted more and more to exchange their cars, all that capital in the shape of second-hand

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cars is locked and becomes useless. Apart from being of use as some kind of steel, there is no value resulting from them to the country. Now, not only is this craze to be seen among private people, but I see it amongst Government officials also. I wouldn't mind that so much in so far as the Government official did this in his personal and private capacity, but I deprecate this strongly when they do it in their official capacity. Police officers, who have the power to issue licences for motor buses, often insist at the time of the annual renewal of licences that one must use a new motor bus every year. Poor men, who often invest as much as Rs. 4,000 in motor buses, when they come up before the Superintendent of Police for renewal of licences, are asked to purchase new motor buses and they are told that otherwise their licences would not be renewed. This kind of pressure, although it might benefit certain middlemen, engaged in the purchase and sale of motor buses, never help the poor people who invest all their money in motor buses.

Then, there is another thing I would like to draw attention to. I cannot understand why the prices of jute have gone down so low. Jute is the sole monopoly of India, and if the prices of jute go down, then I think there must be something wrong with it. India is the sole jute grower.

Mr. K. Ahmed: Only Bengal.

Mr. Muhammad Yamin Khan: If my friend suggests that Bengal is outside India, then I shall gladly accept his correction. I say, Sir, India is the sole grower of jute.

Mr. K. Ahmed: Do you understand anything about jute?

Mr. Muhammad Yamin Khan: I do not know why the price has gone down although the quantity which had been exported remains the same. It required some explanation as to whether it was on account of world prices or due to some other causes. If a commodity has the sole monopoly in any country, I do not know how other world prices can affect that sole monopoly and why the jute grower is not getting so much now as he used to get last year.

Sir, I am very happy about the position with respect to sugar and I think the sugar industry, which is growing in India, will bring some benefit and relief to the Indian growers. I am glad that so many machines have been imported and so many plants put up. Although the sugar, which is produced in India, is not yet sufficient to meet the requirements of the country, I hope, within a year or two, we will have a sufficient number of plants which will produce sufficient quantities to meet the requirements of the country.

One thing which my Honourable friend has explained at great length is this that gold export was essential to meet the requirements to pay for the extra imports which this country had. I ask, is it right that gold should go out to bring in unnecessary commodities which India can produce herself? As I have said just now, cloth and other things can be produced in India, and these imports India really does not require. So it is no consolation to India to say that gold was exported to meet her extravagance. It is nothing but extravagance when a commodity is produced

which is not really required by India and which makes the people become unemployed. The question of unemployment ought to be given the first consideration instead of the export of gold to meet superfluous imports.

As far as taxes are concerned, I will say very briefly that I do not think that India can afford this high rate of postage duty. There may be a certain justification in saying that it is a commercial concern, but we cannot pay these high rates any longer. I do not think that the income-tax on lower incomes which was introduced as an emergency measure or the surcharge on incomes below Rs. 5,000 can be justified when we see that people, with fixed salaries and incomes, are getting relief and no relief is given to the people who are in the professions and whose income has gone down a great deal. Before allowing this five per cent. restoration, relief ought to have been given to the poor people who have not got fixed incomes.

I will now say one word about the Muslim University, and I think the ten per cent. cut, which is continuing in that University is most unjustifiable. The institution is running at a heavy deficit and only depends on the help which it gets from Government and its grant should not be curtailed. I am a Member of the Court there, and I know that Rs. 23,000 is the deficit in the new budget; and, if Rs. 83,000 continue to be cut as in the past, there will be much hardship and the University will not be able to make its two ends meet. I hope Government will see their way to restore this cut and bring some relief in the coming year.

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): Sir, if I do not join the army of Imperial florists and offer a bouquet or a laurel wreath to my Honourable friend, the Finance Member, it does not prevent me from offering him my congratulations—very sincere congratulations—on the able way in which he has, during the past year, steered India's financial ship, empty of silver, but full of gold, against being wrecked on the rocks of trade depression and, may I add, the rocks of "necessities" and "luxuries" or, as he calls it himself, "the unknown depths of wild experiments". But I do wish to say that India should consider herself mighty lucky that, for the past five years, she has had such an able administrator in charge of her finances as Sir George Schuster has proved himself to be. The accurate way in which the accounts and the financial forecasts are shown in the present Budget is ample evidence of the great care and skill he has displayed in the administration of his Department. Sir, if, in the midst of this welter of financial stringency and disturbance, he is able to tell us in 1933 that we are, "as we were in 1932", he has earned our lifelong gratitude and I for one offer my personal gratitude to him.

Now, Sir, having given the Finance Member what I consider a well deserved eulogy, I desire to touch on a few points which have struck me in this Budget. The first point to which I desire to refer is the restoration of the five per cent. cut. The restoration of the five per cent. cut has no doubt elicited the mixed thanks of members of the services—the idea being that something is better than nothing, and I have no doubt that those, employed in the lower grades of pay, are very grateful to the Finance Member, but it has made no difference whatever to the higher grades of pay. But the adroit way, in which the Finance Member has restored the five per cent. cut and, at the same time, imposed a surtax on income, in effect amounts to what he gives with one hand he takes away with the-

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other. If I may be permitted to indulge in a little humour—those dual blessings would mean if the recipients were males—taking from “Peter” to give to “Repeater”, and, if females, what he takes from “Kate” he gives to “Duplicate”. After all, what has he done? He has paid a few rupees to the lower paid Government servants, but he has afforded, as I have said, no satisfaction to the higher paid officers. Neither has the Finance Member in this adroit manipulation of the Budget satisfied the business man. For he is bitterly dissatisfied at no relief of taxation. He thinks that this 50 per cent. restoration should not have been given, in view of the fact that he has been hard hit by the trade depression in the country. Sir when the ten per cent. cut was imposed last year, I likened the Finance Member to a hydra-headed monster who went about the country depleting the purses of public servants for the benefit of the general public. He seemed to be afraid of imposing a popular tax, though I know it would not be popular in this House, for instance, on salt, and so have got all the money he wanted to balance his Budget. On the contrary, he imposed a ten per cent. cut on officials who had contracted for their pay, on a statutory basis, with the Secretary of State or with the Government of India. Bad as this is, he has gone further, and further dissatisfied the employee for, in reducing the staff, he has increased their labour, and the only reward this reduced staff has so far got was not a retention of their former pay, but a reduction by ten per cent. of their legitimate contracted wages. I consider this reduction of pay of public servants not only wholly wrong in principle, but it has seriously affected the recruitment of the Services. What are the senior men doing today? They are waiting for their time of retirement to come, jogging along as best as they can, waiting for their time to come when they can pack up and go away to England. They have lost all interest in their work and are “fed up”, and what do the new recruits think? They say “Why should we enter a service, the pay of which is liable to attack of political pressure and is at the sweetwill of the Finance Member to be used when he wishes to balance his Budget” and so please the political public of the country which they serve.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muham-madan Urban): Has the Honourable Member any authority for making the statement.

Lieut.-Colonel Sir Henry Gidney: Perhaps I have not the Honourable Member's authority, but I have the authority of facts in the imposition of this ten per cent. cut in salaries.

Sir, then the Honourable Member tried to differentiate between luxuries and necessities.

Sir Cowasji Jehangir: May I ask the Honourable Member whether India is singular in the world in having made a cut in the salary of public servants?

Lieut.-Colonel Sir Henry Gidney: India is more than plural, but that does not alter the principle involved.

Sir, the Finance Member then tried to distinguish between articles of luxury, "requirements of industry" and the "necessities of the masses". He found it difficult to place sugar in any category, but in this distinction he soared into the heights of imagination. What did he do? He has put liquor, tobacco and motor cars on the same quality as luxuries. Now, Sir, I want to ask him, if he seriously contends these three items are equal as luxuries, why have the Government of India granted to Members of this House haulage for their motor cars? Was it to encourage Members of this House in the practice of luxurious expenditure or was it to encourage us to bring our necessities here? Why have the Government not given us an equal allowance on our "smokes" and "drinks" which has been given in the case of motor cars? Another question I desire to ask is "Why do Government officials draw allowances on motor cars?" Why don't they have bullock carts, or *tongas*, or tum tums—a one horse power vehicle that was used long years ago before the Honourable the Finance Member came to India instead of 20 horse power cars as are used today? Why has all this method of transport been altered? Because the present day work will not allow it which, in short, means that a motor car is a necessity, or, Sir, does the Finance Member mean that the use of cars by Government officials is a "necessity" demanding a special allowance, but their importation into this country is a luxury demanding the imposition of a high import duty. Sir, all these questions arise in this medley of thoughts and confusions of ideas as to what really is a "luxury" and what a "necessity", but it does seem rather extraordinary that in the year 1933 we have a Finance Member who calls a motor car a luxury. Sir, in my opinion it is more than a necessity and in putting this high import tax on motor cars he, the Finance Member, is strangling a very important industry in India as also affecting the revenues of this country on the consumption of petrol and the taxes paid by the public for the purchase of petrol. The petrol trade of Burma is the largest contributor to the revenues, and this prohibitory import duty on motor cars is injuring that business. I therefore, consider, it is high time that the Finance Member reconsidered his taxation on such necessary luxuries. Motor cars, I repeat, are a dire necessity in one's normal life today and I do think it is time this House expressed its strong opinion on this and in no uncertain voice.

Sir, in giving this five per cent. cut with one hand and in imposing this surtax on incomes with the other and in this confused attempt to distinguish between luxuries and necessities, the Finance Member puts me in mind of a chronic flirt trying to make love to two sweethearts at the same time and in which flirtation he is discarded by both, because he tried to win the heart of one of them by showering on her an abundance of "luxurious necessities", while to the other he gave a surfeit of "necessary luxuries". Sir, in his effort to differentiate between luxuries and necessities, the Finance Member, I am afraid, has fallen rather deep into the mire of confusion.

The next point which I desire to discuss is the gold policy. I have not been a seller or a buyer of gold, but there is a quotation from the Holy Book, which rather aptly describes the Finance Member's gold policy and the wonderful panacea, he says, it has been in stabilising our credit in and out of India and in enabling us to pay for our imports and in affording relief for the necessities of the masses and so has been the means of improving the economic condition of the masses. The quotation is: "Which father if asked for bread will give a stone", or as the

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Statesman in an editorial very nicely put it: "The Yellow Stone Park". Sir, I do remember the time when a distinguished Finance Member was here, Sir Malcolm Hailey, and we were faced with enormous deficit Budgets. One of the Members of the Assembly then said, he was tempted to open his speech on the Budget with the words "Hailey! Hailey! Hailey!" and, Sir, during the last Commerce Member's regime I was almost tempted to start my speech with "Rainy! Rainy! Rainy!" meaning more "Rain", i.e., the Monssoons on which India's Budget so largely depends. But I am afraid the present Finance Member is not a believer in rain, but a worshipper of the gold stone, and, Sir, his great Budget speech is full of praise and adoration for gold and how its export has helped him balance his Budget, etc. This is no doubt, in effect, correct and it is because I believe it that I support the Honourable Member in his gold policy, but he has not proved that the 20 crores of rupees obtained by the sale of gold from "distressed gold sellers" has been used to provide the masses of India with necessities or has ameliorated India's economic condition, nor can the increase in sale of Postal Cash Certificates be accepted as proof. Sir Leslie Hudson has pointed out that India's economic condition, i.e., of the masses is not as good as it used to be, and I agree with him. In short, official and urban India do not know how rural India lives. It is not life; it is a struggle for existence with the villagers today. The Honourable Member's position is that he has asked for a stone (gold) and he gave back bread, but did he give back enough bread so that the distressed, not the broker or Princely seller of gold could say that he received bread to that extent as to entitle the Finance Member to say that the economic position of the masses and the necessities of the country are, as a result of this gold export, in an improved condition? I want to ask the Honourable Member "What would be the position of this Budget if gold were taken out of the picture?" The Honourable Member knows that our foreign trade is bad. He also knows that our exports have shrunk, and he also knows that without gold the Budget would present a very different picture and tell a very different tale. In fact, to quote his own words: "Our channels of International trade are slowly getting completely dried".

Now, Sir, I have another very important matter to which I wish to refer, one, with which I am more familiar, that is the protection of the public health of India. I consider that in this hunt for wealth—the yellow stone—and in the skilful manner in which the Honourable the Finance Member has stabilised his Budget, little or no attention has been given to the health of this country. Sir, I am one who gives the health of a country a premier place to its wealth, for, without health, of what use is wealth, and, without health, how can you obtain wealth. In support, I should like to read to this Honourable House the opinion expressed by a leading authority, Bowditch of Canada, at the International Medical Congress in 1876:

"Public hygiene is the most important matter any community can discuss, for, upon its perfection, depend all the powers—moral, intellectual, and physical—of the State."

The tragic, unparalleled and harrowing history of the protection of the public health of this country needs no explanation or emphasis from me. The appalling mortality of this country stands as a ghastly testimony of the unsatisfactory position of the Health Department that

controls it, indeed it would be but the truth, if one said, in comparison with smaller countries, that India has no Health Department at all worthy of the name except it be called a "make belief". Honourable Members, who are anxious to know about this subject, will find in the Demands for Grants for Public Health an item of Rs. 6 lakhs as the total demand for the protection of the public health of this country with a population of about 350 millions. They will also find that for the prevention of epidemic diseases a petty sum of Rs. two lakhs is proposed to be expended by the Government of India and this sum has been reduced to Rs. 1,72,500 for 1933-34. I can see, some Honourable Members are anxious to correct me and say that Medicine and Public Health are transferred subjects and are, therefore, of Provincial concern, and a deal of money is expended on public health. I am aware of these matters, but even in the Provinces little or no attention or money is given to protection of public health—indeed with all provinces in debt the money used on public health is being annually reduced and amounts to toying with India's most serious problem. But I am referring to a Central Health Board and a Minister of Health. India has been promised Federation, and may I tell this House, that every Federal Government, *e.g.*, the United States, Canada, Australia have such a health organisation. Is Federal India to be the only exception to this vitally necessary Department? It must have it, and at once. It must be provided for us in the new constitution.

Diwan Bahadur A. Ramaswami Mudaliar: Therefore 350 millions have nothing to do with it.

Lieut.-Colonel Sir Henry Gidney: I am coming to that presently, because a Central Health Board will have everything to do with India's 350 millions. Let us see what the Health Department of the Government of India consists of today. It has one Public Health Commissioner, an Assistant and a very much reduced staff, and it has to perform more work in the year 1933 than in 1923 when the Inchcape Committee recommended its abolition. The history of India's Health Department is a sad one; in my opinion, it constitutes one of the blackest pages of the administration of India, and, Sir, I speak as a medical man with about 40 years' experience and a specialist in Public Health. In 1919, the Government of India decided, it was necessary to have a Central Board of Health and, in fact, a Minister of Health. In 1923, the Inchcape Committee visited this country and, in its quest for wealth, and, in abysmal ignorance of the subject, recommended the abolition of the post of Public Health Commissioner. Thanks to the pressure of international public opinion, its recommendation was not carried out, though the staff was much reduced, and, in 1932, the General Purposes Retrenchment Committee, of which my Honourable friend, Sir Abdur Rahim, was President, recommended a still further curtailment in this staff in his quest for economy and which I have no hesitation in calling a "penny wise and pound foolish" policy. The Assistant to the Public Health Commissioner was to be abolished, but a wise Secretary of State ordained otherwise. But, Sir, with this personnel and the work, it is expected to do, how can one expect, efficient service. Compare this Department with the Public Health Department of the United States where two million pounds are annually spent on the Central Health Board or with

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Australia where over two million pounds are spent annually on a Central Health Board and yet, in the year 1933, we have in India a Central Health Department which is a standing disgrace to the Government of India and to this vast sub-continent, of whose interests we are the elected custodians. Let me now tell the House what other smaller countries are doing in this matter. Such small countries as Liberia, Bulgaria, Greece and even the Nankin Government have Central Boards of Health and Ministers of Health; and yet India, which is one of the largest contributors to the League of Nations, does not possess anything but one officer as Public Health Commissioner with an Assistant and a hopelessly inadequate staff. If this is not an open invitation to be told that India is outside the pale of civilisation and unworthy of being called a civilised nation and if this is not placing India on a par with the aboriginal states of Central Africa and which, she most certainly is, if she is to be judged by her make-shift of her present Central Health Department, I should like to know what else it is. I will give the House one instance of the value and very urgent necessity of a Central Board of Health for India. Honourable Members may not know it, but let me assure them that, with the great accelerated speed of aeroplanes, India stands in daily danger of the importation of yellow fever. Let an infected mosquito carrying the germs of yellow fever once come into India and the whole of India's civilisation will be destroyed within a few months, because the country is full of the mosquito that carries this fell disease. Hitherto we have escaped such a deadly invasion—more deadly than any poisonous gas, but this is a typical matter in which a well organised Central Public Health Board would not only demonstrate its acute necessity, but its weight in gold—not as a yellow stone, but in saving millions of human lives.

An Honourable Member: What are you doing?

Lieut.-Colonel Sir Henry Gidney: I am not attending to cotton as my Honourable friend, Mr. Mody, spends his life. I am trying to do something more useful to my country, India. I am placing before the House a vitally important and urgent matter. Sir, to those, who spend their lives in amassing wealth or balancing Budgets, my appeal will fall on deaf ears, but, I most emphatically submit, the stability and security of no country depends so much on a search to improve its wealth or balancing its Budget, as on a greater duty that every citizen demands from his Government—the protection of the health of its people. The annual total deaths in India is six millions. Just think of this appalling figure—this unparalleled sacrifice of valuable human lives—and ask ourselves, this Government, this Honourable House: are we altogether blameless for this tragedy? What have we done to diminish this awful annual toll of the valuable lives of six millions of our countrymen? I submit, Sir, that the Government of India and this Honourable House together stand charged before the great Creator for a serious neglect of duty and, I say, we are guilty of it and shall remain so till we form an adequate Central Health Board and a Minister of Health. Let me read from the recent Research Workers Conference which had before them the reports of the Simon Commission, the Whitley Commission and the Agricultural Commission regarding the urgent need of a Central Health Organisation for India. I propose, with your permission, Sir, to read the resolution passed by this very important Conference so that both the Government and the House will realise both the necessity and

the urgency of creating a Central Health Board and a Ministry of Health without which India has no entitlement to be classed as a civilised nation, nor can this House say it is doing its duty to the nation:

"This Conference has learned with great pleasure that the Royal Agricultural Commission has taken into consideration the resolution on wastage of life and property which have been passed at all the three previous meetings of the Research Workers' Conference.

This Conference re-affirms its opinion as expressed in that resolution which is as follows:

That this Conference believes that the average number of deaths resulting every year from preventible disease is about five to six millions, that the average number of days lost to labour by each person in India from preventible disease is not less than a fortnight to three weeks in each year, that the percentage loss of efficiency of the average person in India from preventible malnutrition and disease is not less than twenty per cent., and that the percentage of infants born in India who reach a wage earning age is about 50 per cent., whereas, it is quite possible to raise this percentage to 80 to 90 per cent.

The Conference believes that these estimates are under-statements rather than exaggerations, but allowing for the greatest possible margin of error it is absolutely certain that the wastage of life and efficiency which result from preventible disease costs India several hundreds of crores of rupees each year. Added to this is the great suffering which affects many millions of people every year.

This Conference believes that it is possible to prevent a great proportion of this waste at a cost which is small in comparison with the expenditure.

The recent census shows that the position in India is one of grave emergency. The Conference recognises that the problem is very complicated and involves not merely medical research, but also questions of public health, medical relief, medical education, propaganda, and social and economic considerations.

The Conference strongly urges on Government the immediate necessity for appointing a strong Commission, chiefly non-technical, for the purpose of making a thorough inquiry into the wastage of life and the economic depression in India which result from causes which are capable of being remedied.

The Conference believes that the general cause of poverty and financial stringency in India is loss of efficiency resulting from preventible disease and therefore considers that lack of funds far from being a reason for postponing the enquiry is a strong reason for immediate investigation of the question."

Sir, that is the opinion of a very well known body of research workers. I will conclude by saying to this House that it is of greater importance to this House to look after the health of the people whom it represents than to strain every nerve to balance its financial Budget, and this can only be achieved by the appointment of a Minister of Health with a Central Health Board. I appeal to the House to call upon the Government of India to immediately draw the attention of the Secretary of State for the provision of such a measure in the new constitution and which, in my opinion, is a more urgent and more necessary measure than all the fuss that is being given to a Statutory Railway Board. Unless India does this, she can have no claim to be considered a civilised nation, nor can this House claim to be conscientiously discharging its duty to the peoples of India whom we claim to represent here. I, therefore, call upon this Honourable House to immediately rectify what I consider not only a national danger, but a disgrace to the country.

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

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. Deputy President (Mr. R. K. Shanmukham Chetty) in the Chair.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, throughout the long speech which my friend, the Finance Member, delivered,—and he delivered a very fine speech full of admirable analysis of facts and figures from the viewpoint of the Finance Member and the Government of India, and he gave himself so many certificates that he needs very little certificate from this side of the House. But, Sir, I was pained to find during those two hours that there were no words of solace or consolation to the hard pressed tax-payer for whom, nearly two years ago, my friend expressed so much solicitude.

When my friend in 1931 moved his emergency Finance Bill, he laid down two conditions. One was that there should be an emergency cut in salary, and the other was that there should be emergency taxation, and, simultaneously with that, a surcharge on the taxes. I may be wrong, but many of us formed the impression that simultaneously with the reduction of salary cuts, whether by fifty per cent. or in full, there should be a similar reduction in the surcharge of income-tax. I think to refresh the minds of Honourable Members and of my friend, the Honourable the Finance Member, I should just read a few sentences from his speech. Of course, now he may play with words, and say that he did say this or did not say that. This is what he said:

"If these forecasts are fulfilled, then even if there is no improvement in the economic position, the Finance Member, when he presents the Budget for 1933-34, will find himself in possession of a surplus of 5.23 crores and he will be able to make a substantial easing of the burdens."

I can understand, if I understand plain English, that "easing burdens" means reduction of taxation and similar reduction in the surcharge of income-tax. I will just quote one more line from his speech:

"It is perhaps forecasting events too much to say in what order these reductions should be made. But, there are principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay and, secondly, in taking off the surcharge on the income-tax now to be imposed."

My Honourable friend may now say that he did not mean it, but we on this side understood that it was meant to be simultaneously done, and when, although I was not present here, my Honourable friend made a statement that there would be a restoration of 50 per cent. of the salary cut, I understood, when I read that statement, that in the Budget he will include a reduction of 12½ per cent. surcharge on the income tax and also abolish the income-tax on the low level, that is, between Rs. 1,000 and Rs. 1,999. I will show him a way. We are facing lean years. My friend is so very considerate for the Government to come in the future. I do hope that he will stay here for a year or two more till the new Government is formed. My friend wants the future Government to have a consolidated financial position. Why does he put by 5½ crores, or rather four crores and 15 lakhs for the reduction of the debts? In lean years everybody forgoes a great deal. It is a good thing that the Government of India have balanced their Budget. These four crores 15 lakhs plus the 2½ crores which he has got as surplus gives him nearly 6½ crores and this will go to completely wipe off the surcharge on income-tax which my

friend has estimated at Rs. 350 lakhs and the low level of income-tax which is Rs. 70 lakhs. Here is a suggestion which I am giving to my Honourable friend, and, by accepting them, he can easily satisfy this side of the House. If he says that the salary cuts should be restored to only 50 per cent. then I suggest to him to abolish the low level of income-tax by 70 lakhs, and reduce half the surcharge on income-tax.

Although there have been various suggestions for alternate taxes from this side of the House, there are ways still which my friend has not endeavoured to explore. Two years ago, during the Budget discussion I suggested the equalisation of the kerosene duty, import and export duty. Not only my friend, the Finance Member, but even the Commerce Member showed very great partiality to the millionaire beggars that come to them with begging bowls. When my friend, the representative of the Bombay Millowners, asked the Government to give them a protection in 1929, my friends from Burma, the multi-millionaires, the Burmah Oil Company, came and asked the Government to hold an inquiry and to give them a protection. So these multi-millionaires beggars got four pies difference in excise duty and import duty. I pointed out two years ago, and I again point out today, that it will bring my friend further revenue to the extent of a crore and a half if proper duties are levied on the kerosene oil and the bye-products of kerosene oil that are manufactured in India and the Empire. My friend is so solicitous for the Provincial Governments that he has again re-assessed the stamp duty on cheques, but I will suggest to him another way to make money, not from the poor, but from the rich. In that case my friends from Bombay will have to pay heavier amounts to Government. Has my friend, the Finance Member, ever considered that in the Stock Exchange of Bombay and Calcutta, there is an inordinate amount of gambling going on? There are transfers, fictitious transfers, of shares, there is gambling in gold and silver, cotton and grains, by way of fictitious sales, going on. Why dodge the Finance Member? Put a duty on every such fictitious transaction, and let the State get one per cent. of the value of such transactions. I cannot say why the Bombay or the Calcutta Stock Exchange gamble, but when my friend Mr. Mody rises after me, he will perhaps give us an idea as to how his friends, at least some of his colleagues, gamble, and how this gambling spirit has brought down India to her present scale of poverty, to which not only the present economic depression but the gambling spirit of the Bombay millionaires has contributed a great deal, and we are all suffering from that.

Mr. H. P. Mody: Shame.

Mr. B. Das: Thank you.

There is another thing. My friend, the Finance Member, has produced a very interesting document from Dr. Meek about the index prices, and a glance at it shows that the level of prices has gone down very much. Why does he not apply it to the Lee loot? The Lee concessions were given, because the prices had gone up, and the Services complained that, on account of their high standard of living, they must have some concessions. If the prices are so low now, why should these particular vested interests, the officials, continue to get these Lee concessions? That will bring out to my friend a good bit whereby he can lighten the burden of taxation.

[Mr. B. Das.]

Muck has been said about the flight of gold from India and I do not wish to add to the agony of my friend, Sir George Schuster, to controvert his deduction that this flight has brought so much saving through the Savings Banks. I take this opportunity to congratulate my friend, Sir Leslie Hudson, for the admirable way in which he spoke. He has identified the European settlers' interest in India with those of ours. If my friends, the Europeans, who are here in business pursuits and who spend most of their life time except the last few years in this country, identify their interest with our interest and they feel sympathetically for the conditions of the masses and millions, then most of the troubles that have arisen in the past in this country or in England over commercial discrimination and other things will vanish and there will be friendship restored and full confidence brought about between European friends and ourselves. My friend, the Finance Member, talked of the £80 millions of gold that has been exported and from which the Government of India have had so much advantage. I know if I were in his place, I would have utilised the advantage, but I do not think my friend ever considers that great harm has been done to the masses. I was present in the House of Commons when they were discussing the reparation debt to America last December. England was to pay £19 millions to America and the whole of England was upset at the idea of 19 millions of gold being taken away from the Reserve Bank of England and sent to America. There was a full fledged debate on that occasion. Of course my friend knows that nothing said on this side will make the present Cabinet fall. They are secure and he views lightheartedly this flight of gold. I do not think more than £10 millions of it is really hoarded gold. It may be that the Sassoons and Birlas and Bombay merchants make 30 per cent. out of these things. I do not know how much my friend, Mr. Mody, has profited in this business. (Interruption by Mr. Mody). I am sorry, my friend, Mr. Mody, did not get a share out of this 80 millions of gold, of which 70 millions is distress gold. My Honourable friend, if he were a national Finance Member, would have stated this, in the gloomiest of gloomy language, but No. He was consolidating his position and thinking of booking his passage either this year or two years hence. I am not today assessing the work of my Honourable friend, Sir George Schuster, of his five years work as Chancellor of the Exchequer. I hope that the Government of India will give us an intimation whether my friend will continue for two years more. If he continues, we will have ample time to survey his work here, but, as I say, had he been a national Finance Member he would have spoken of the £80 millions of gold as national calamity which have been spirited away from this country, mostly to England. But he took advantage of this. That is a situation which we do not approve. He talked about the Lausanne Agreement, but that agreement is a dead letter. After Lausanne, came Ottawa, and, after Ottawa, is coming the World Economic Conference. It may be that England has won a prize at Ottawa. England will come out totally disappointed from the World Economic Conference, because America feels sorely that England could secure advantages of the Ottawa Agreement and then come to the World Economic Conference to dictate terms to America. So the Lausanne Agreement will never materialise, because America is suspicious of England. All the ideas, that my friend still entertains that the world will soon settle down and America will permit England not to pay those war debts, as England has permitted Germany and other countries not to pay their debts, will never materialise. There is no chance of any improvement in

the world situation and no prospect of any windfall owing to that factor. My friend suggested that the Reserve Bank was coming. Supposing my friend was the Governor of the Reserve Bank of India, would he have spoken in that hearty way about the £80 million flight of gold? Would he have allowed the strong room of the Reserve Bank to be depleted in this way? I read in the paper that my friend, while he addressed the all-India Economic Conference, told the Professors that they were wasting their time in not finding out what amount of gold and silver was still hoarded by the millions of India. I do not know whether any gold and silver is hoarded unless it is in Mr. Mody's Bank. I would ask him to use the whole machinery at his command and also at the disposal of my friend, Sir Harry Haig, to explore how much of this £80 millions that has been taken out of India is distress gold and how much is hoarded gold. Thereby not only will he give a lead to these Professors of Economics to carry on their research, but he will also silence the criticism which we are levelling against him that most of this is distress gold. At the same time, I must say, that from the budgetary point of view my friend has secured every advantage and the advantage has come, because the tax-payer has paid the maximum that he can pay and yet today the tax-payer cannot pay any further. Incidentally my friend will go down in history as the best friend of India who killed all import of foreign goods to India, because such high tariffs will not permit foreign goods to come any more. I do not understand why my friend, Mr. Mody, wants further raising of the tariff on Indian cotton piece-goods. Already my friend, the Finance Member, has helped him by these high tariffs. When I come to Mr. Mody's Resolution, I will have something more definite to say on this matter. What I am trying to say at present is this . . .

Mr. Deputy President (Mr. R. K. Shanmukham Chetty): The Honourable Member's time is up.

Mr. B. Das: I will wind up with an appeal. I am still looking forward to my friend staying here a year or two more. I want him to fulfil the promise which he himself gave, which my friend, Mr. Bagla, quoted yesterday:

"Let him leave India not as a friend of the few capitalists, but as the friend of the teeming millions of India." (Hear hear.)

Mr. H. P. Mody: Sir, the Budget before the House is of such an uninspiring character that it has struck a chill in the heart of all my Honourable friends and choked off more or less even the voice of criticism. There is no doubt about it that it could have been easily better but I think I am right in saying that the general reaction to this Budget seems to be that of the man who was expecting to be blessed with triplets, but who was greatly relieved when it was found that it was only twins. (Laughter.) Sir, while this Budget is, as I have said, uninspiring, I find from the long and very illuminating survey which the Finance Member has made of the economic position of this country that there is a note of optimism and quite satisfaction running through the utterance. I shall be the last man to try and detract from the credit which is undoubtedly his due for the way in which he has husbanded the resources of this country and looked after its interests. Sir, at a time of unexampled difficulty, few countries in the world, I think, can present the spectacle which India presents today of a balanced Budget and of a sound financial position, which, in spite of the heavy taxation and other matters to

[Mr. H. P. Mody.]

which I shall presently come, shows a condition of affairs which many a Finance Minister in other countries would envy; and I join with my Honourable friend, Sir Leslie Hudson, and the other Members of this House who have expressed the hope that we may find Sir George Schuster in the very same place next year also. (Loud Applause.) May I also add the hope that when we find him again presenting a Budget, he will not have quite that lugubrious expression which seems to have settled on him during these two days, but that he will have a cheery smile on his face.

I would now like very briefly, Sir, to get at the other side of the picture, and when you leave on one side the question of India's credit, which undoubtedly stands high, and consider the general health of our finances, what do you find? In my opinion, the position is as unhealthy as it could possibly be. First of all, from the Finance Member's own figures you will find that in 1932, taking three of India's principal commodities, namely, jute, cotton and hides and skins, there has been an enormous drop in exports as much as 100 crores, over the previous ten years' average. Now, that cannot possibly be hailed as a sign of the returning tide or as something from which any man can derive satisfaction. Our position today is entirely due to the windfall of the gold exports: if they had not been there, the situation with regard to currency, finance and everything else would have been simply terrible. And while I agree with a great deal of the very lucid exposition of the position with regard to the gold exports which my Honourable friend has made, I take leave to doubt whether the position is exactly as he has stated it. Unfortunately a 20 minutes' speech cannot embrace every possible item which is of importance, but I would like just to remind my Honourable friend that this flow of gold started even before Great Britain went off the gold standard, and what I want to know is whether the country's consuming capacity has really appreciated, as it should have, when you take into consideration the fact that as much as 107 crores of gold was liquefied and should have gone into circulation. The other unsatisfactory position is that we are depending a great deal too much on our customs revenue. Sir, as much as 50 crores of our revenue is derived from customs and that is a position which must cause a very considerable amount of uneasiness in any man who takes a wide view of the finances of this country, because there are so many imports which are not only dwindling, but which should dwindle in the national interests, and which, therefore, would seriously affect our revenue position. Take textiles, for instance. My Honourable friend is quite pleased that textiles should have yielded him such a large amount of revenue. I regard that as a matter of positive misfortune to the country. I do not want to answer all my Honourable friends who have tried to have a dig at the interests which I represent. The time will come very soon in the course of this very Session; so I shall not try to reply to all my friends; but all I say is that we should visualize the position when the revenue from this source will dwindle down practically to nothing. I do not say that we can do absolutely without the import of textiles, but we must stop those enormous quantities of Japanese piecegoods pouring into this country, and which have brought to a standstill its premier national industry. Take the question of sugar. Sugar factories are springing up and this is a source of revenue which must vanish very soon. Then, again, there is the question of raw cotton. A great deal of misconception seems to prevail with regard to the imports of raw cotton. Some

of my Honourable friends seem to imagine that the millowners are importing cotton in defiance of the national interests. I would like to remind them that the millowners, just as much as the Members of this House, may be expected to know their business. Therefore, when you find large imports of cotton coming into this country, you must try and understand why that is so. One of the reasons why the imports went up so enormously during recent months was that stapled Indian cotton was not available in large quantities. It was one of the shortest crops on record, and about the time the mills began to replenish their stocks, there was an actual shortage feared of stapled cotton, and, therefore, there was a rush to buy American cotton. I am afraid that foreign cotton will come until we are able to produce better types ourselves, and that this country's reliance on Egypt and Uganda will continue for some years. But, so far as the American type is concerned, I expect the imports to dwindle to a considerable extent.

Diwan Bahadur A. Ramaswami Mudaliar: What about the present year?

Mr. H. P. Mody: The present imports are certainly less.

Diwan Bahadur A. Ramaswami Mudaliar: In the present year, during the last nine months American cotton came in of a value of Rupees three crores 20 lakhs as against Rs. one crore 41 lakhs. I am taking the nine months ending December, 1932.

Mr. H. P. Mody: I am talking of the conditions ruling today. I say, that unless the cotton crop is very poor, both in staple and in quantity, we shall see no large imports of American cotton, and we should not rely on an excessive revenue from such imports.

A further unsatisfactory feature of the Budget is that retrenchment has been carried out in every single Department, and while I do not deny there is further room, you cannot get very much more from that source. I have repeatedly said in this House and elsewhere that I feel absolutely cold when I am told that such and such Departments have effected economies worth lakhs of rupees. How have these economies been effected? By throwing out tens of thousands of people on to the streets at a time of acute unemployment and distress. Therefore, while I am always for retrenchment, namely, for economy in the conduct of the Departments of the State, I think that the constant stress upon retrenchment from this side of the House is a little misconceived; the retrenchment that generally takes place is in one direction only, namely, chucking out a lot of people who need most to be kept in employment whether on reduced salaries or otherwise. (Hear, hear.) If you take these three things into consideration, the position today is as unsatisfactory as it could be. Then, where are we to expect our salvation to come from? I say, apart from any economies that you may effect, by cutting out a fat job here and a fat job there, the only way, in which you can restore the finances of India during the next few years until world prosperity returns, is by pruning down drastically your military expenditure and your salary bill for the Superior Services. For years, we have been talking about the military expenditure. I will say no more than that, although undoubtedly there have been economies and the Finance Member can take credit for them.

[Mr. H. P. Mody.]

we will not be satisfied with those economies. We want a complete overhauling of the machine so that the military forces of India are no more than the needs of India require, and that position we are very far from having achieved. It has been admitted by British soldiers of international repute that India's army is not kept solely for India's requirements.

As regards the salary bill of the Superior Services, I made the point in the Services Committee of the first Round Table Conference, that the thing of primary importance is to determine the emoluments and the conditions of service of the superior grades for future entrants, and have that question examined by a Commission straightaway. India cannot possibly afford the present scale of salaries even though it is a fact, which, I think, every one of my friends will gladly admit, that we have got a service which for efficiency, honesty and devotion to duty has not been equalled anywhere. But, after all, we can only pay what we can afford to pay, and we cannot continue with a service which is entirely beyond the resources of India to maintain. Unless, therefore, you attack the problem from these two cardinal standpoints, namely, drastic reduction of the military expenditure and of the salary bill of the Superior Services, you will never achieve financial solvency.

Sir, I will hurriedly pass by a few of the special features of this Budget. A great deal has already been said about the restoration of the cut. I will say no more at this stage than that it is rather a painful spectacle that at a time when India's export trade has diminished to such alarmingly small proportions, at a time when so much gold has gone out of the country, when the burden of taxation runs so high, the sole obsession of Government should be how quickest and best to restore the cuts in pay.

An Honourable Member: Charity begins at home.

Mr. H. P. Mody: We shall remember that when we get on to the Treasury Benches; we shall look after our own salaries first!

While this cut has been restored, income-tax which is bearing down so hard on all classes of people is still maintained at the same figure. As I have so often contended, our income-tax differs from the tax in Great Britain which, though it is much higher, is based more equitably. Ours is a tax not on income, but also on capital, because we are not allowed to carry forward losses. Only the other day I read a rather plaintive letter from a shopkeeper at Jullundur to the Income-tax Commissioner. The letter said:

"To pay your Honour's dues I am practising the utmost economy in family matters and disposing of all members and stopping further generation of new by living alone. Your Honour's will be done." (Laughter.)

I am afraid what this poor Jullundur shopkeeper felt about income-tax collection is what we all of us feel though we may not express it in quite that effective way.

I shall next touch the duty on artificial silk. I welcome it wholeheartedly, because it gives also a measure of protection to the industry, and I am very glad that the Finance Member has thought fit to come to the assistance of the industry and, at the same time, replenish the coffers of Government. But I do wish that he would equalise the duty on mixtures with the duty which he is imposing on all-silk goods; because

there is a great possibility of silk mixtures taking the place of the all-silk goods which Japan is sending in such enormous quantities and at such abnormally low rates.

About the tax on motor cars I do not follow the reasoning of my Honourable friend. I think the law of diminishing returns has most decidedly set in, and I am surprised that he can fly in the face of facts. If it is a question of luxuries, I have got figures here for a few years relating to other articles. Take ale, beer, whisky and wines, which I hope my Honourable friends on the Treasury Benches are consuming in as large quantities as ever before. I find that imports have not dwindled to anything like the extent to which the import of motor cars has dwindled. Take, again, toilet soaps and requisites, and canned provisions. These are all luxuries, but if you examine the figures of imports, you will find that they have not dwindled to anything like the extent noticeable in the case of motor cars. I regard it as a short-sighted policy that the Finance Member should continue to keep the tax on motor-cars, which are a real necessity in a large number of cases, at this high figure, and I might move at the proper time for a reduction of the duty.

Another thing on which I disagree with my Honourable friend is the duty on cheques. I do not think my Honourable friend has represented correctly what the Banking Inquiry Committee said. I have not got the time to read it out, but I shall refer him to paragraph 663 of the report of the Banking Inquiry Committee. Apart from anything else, I want to ask the Finance Member whether seven lakhs of rupees distributed between all the provinces is a matter for consideration. It is doing a real harm to the banking development of the country to re-impose this little tax which, after all, is going to yield a miserable 7 lakhs.

Sir, I would like to conclude on a lighter and more optimistic note. The whole world is passing through a period of unexampled difficulty. Depression has penetrated even the darkest Africa. I read a few weeks ago a letter written by a Kafir to a local paper, describing the conditions which prevail in that part of the world. The letter said:

"Based on ruling cattle prices, wives have fallen in value by about 50 per cent., and a good fresh wife in terms of cattle may be obtained at £16 maximum. Second-hand and inferior maids are almost given away."

(Laughter.)

Sir, let us hope that the position of India may continue to be such that we can afford to pay a good stiff price for our wives (Laughter) and that even our inferior and second-hand maids will not be given away for nothing. (Loud Laughter.)

Mr. D. N. O'Sullivan (Bombay: European): Sir, I endorse every word said by my Honourable friend and leader, Sir Leslie Hudson, in his very trenchant speech, and I crave time for one or two small observations of my own. I congratulate the Honourable the Finance Member on the presentation of this Budget. I wish to extend to the Honourable the Finance Member my sympathy,—this is a very unsympathetic House as far as I can see. Everyone will agree with me that the duties of the Finance Member are, to say the least of it, extraordinarily difficult, and not the least melancholy and difficult part of his duties is to raise money by taxation. People seem to lose sight of that fact in the Budget discussion.

[Mr. D. N. O'Sullivan.]

In the course of the two days' debate—we are on the second day now—I have not heard, I should think, more than two suggestions of any kind for raising money by taxation than those, of course, referred to by my Honourable friend, the Finance Member. In the course of the last two days, I have heard observations about the struggles of the early Christian Missionaries. We have heard a graphic description of the yellow fever and reference has been made about Peter and Repeater.

Obviously my friend, Mr. Lalchand Navalrai, has spent many sleepless nights over the question of the separation of Sind. This morning one Honourable Member made a suggestion that capitalists from Bombay should begin to manufacture motor cars in this country. Whether the Government should subsidise this or not was not clear. Another point was put forward for increasing our income. Apart from these suggestions there was another suggestion that a small tax should be imposed on the export of gold and a suggestion from Mr. B. Das was about a tax on the sale of shares. There is not a single suggestion of any value to be placed before the Honourable the Finance Member, and, therefore, my sympathy goes out to him. I think I am right in saying that the Honourable the Finance Member, when he visited Calcutta, implored the members of the Bengal Chamber of Commerce and merchants generally to make a concrete suggestion as to taxes and, so far as I can read, nothing very concrete was put up and nothing very concrete has also been forthcoming from this House. The Honourable Members on the other side of this House, I hope, when they come to this side of the House in the future, will not find themselves in the very same trouble. The Honourable Mr. Mody mentioned the possibility of his going to the Treasury Benches, but he did not mention how to raise the money as a suggestion to the Honourable the Finance Member.

A statement was made about the condition of the ryots in this country. I have personal knowledge of that point. I heartily endorse everything that has been said on that subject. I go further and say that the condition of dock labourers is appalling in the sea ports of India today. Many of them cannot work week after week at all, as they are employed on one or two days a week, and the emoluments they get are not sufficient, but I have yet to hear any suggestion in this House as to the amelioration of the condition of those people and I also fail to see the connection between those statements and the task of the Honourable the Finance Member in presenting this Budget. It is very easy to criticise.

I very humbly put forward one small suggestion in respect of taxation. I have no doubt that it has been taken into consideration before.
3 P.M. but I would press that it should be given the most urgent consideration in view of the necessity of raising money in these days without undue hardship. That is the question of death duties. We know in England there are Death Duties and a large amount accrues to the Treasury from that source. My humble suggestion is that there should be a levy of death duty to a small extent in this country.

An Honourable Member: Will this duty apply to the people who make money in this country and go to die in another country?

Mr. D. N. O'Sullivan: If you like to go into details, I will discuss the subject afterwards. The suggestion is that it may be a provincial matter, but a little reflection would show that it cannot be. There is no death-

duty as such in this country. In certain circumstances, applicants for probate and letters of administration are required to pay a small *ad valorem* court-fee when they go to Court. That is surely not in the nature of a death duty, and, furthermore, it is by no means certain in a large number of cases, where there is no difference among the heirs of a deceased as to the division of his estate, no application for probate or letters of administration is ever made to the Courts and, sometimes, in the case of large estates, Government must obviously lose very large sums of money in respect of that particular taxation. It is unnecessary for me to go into the details of such a scheme, but it must be obvious to anybody who considers the matter that it is a scheme which obviously must be worked in conjunction with income-tax and, in that respect, it must be an All-India scheme. For one thing it is necessary for the persons levying this death duty to have some idea of the incomes of the estate of the deceased person and, from that point of view, it is obviously desirable that such a duty should be administered by an All-India service and certain adjustments could be made for distribution of the proceeds of taxation between the provinces and the Central Government. That is my small suggestion.

There is one other observation I desire to make. Government have been pleased to extend their healthy assistance to local industries, such as the sugar industry, but it seems to me that they left out of consideration entirely that growing industry, namely, the flour milling industry. This might be a subject which could be dealt with when the Wheat Import Duty (Extending) Bill comes up, but I would like to say one or two words in regard to this.

The Flour Milling Industry is almost ruined due to the fact that their export trade in flour has passed into the hands of Australian shippers. The import duty on foreign wheat has enabled prices of wheat in India to be kept at a level much above the world parity. Australian wheat is selling today in England at 23s. 0d. per qr. On this basis the price of wheat in Karachi should be Rs. 22-4-0 per candy of 656 lbs. or Rs. 2-1-0 per maund despatching stations in the Punjab. Instead of this, the price is Rs. 29-12-0 per candy, *f. o. r.* Karachi or 33.75 per cent. above the parity of Australian wheat. It will thus be seen that the Millers in Karachi cannot, under such circumstances, mill wheat and produce flour in competition with Australian Millers. The export figures speak for themselves. They are as follows:

In the year—

	Tons.
1927	36,850
1928	36,410
1929	24,800
1930	29,100

In the two recent years—

	Tons
1931	24,700
1932	17,709

and I understand conditions are far worse this year from January onwards.

[Mr. D. N. O'Sullivan.]

The Import Duty on Wheat was imposed in March, 1931, and, because of this, flour exports in 1932, dropped to 17,700 and this year they have fallen to a very low figure. Foreign flour is going to Aden, Colombo, ports in the Red Sea and Persian Gulf, which ports at one time drew their supplies from Karachi, and, therefore, I submit that the Government should do something to protect this indigenous flour milling industry in India. It is a matter which should be given serious consideration.

Khan Bahadur Makhdum Syed Rajan Bakhsh Shah (South-West Punjab: Muhammadan): (The Honourable Member spoke in the vernacular, a translation of which will appear as an Appendix in a later issue of these debates.)

Sir Cowasji Jehangir: Mr. Deputy President, the Budget which my Honourable friend has presented can well be called a *status quo* Budget. My friend sitting behind me has characterised it as uninspiring. I wonder whether he would have preferred to have an inspiring Budget with proposals of increased taxation. Personally, I prefer these uninspiring Budgets.

Sir, the Honourable the Finance Member has devoted a considerable amount of time in the very lucid and lengthy speech that he made to explaining the sound financial position of India and to stating how our credit has improved. I wish he had addressed those words to an Assembly across the seas. We have heard in a country seven thousand miles away of our lack of credit. We have been told that our borrowing powers would diminish. We have in our Finance Member a champion of India's case to prove her financial stability and that her credit will remain as sound in the future as it is today. I do not for one minute believe that India will ever repudiate the dues that are justly demanded of her, nor will she, either inside this House or outside it, refuse to meet her obligations. (Hear, hear.) Sir, a time may come under the future constitution, when there may be enthusiasts in this House who may ask for far reaching reforms to raise the economic position of the masses, reforms that may cost vast sums of money; but I feel confident that the common sense of our people will, on the other side, balance any wild or unpractical schemes that enthusiasts will put forward in the future Legislature of India. (Applause.)

Sir, I have called this Budget a *status quo* Budget. I wish that the *status quo* did not apply to last year, but to a few years ago. The Honourable Member, during the five years that he has been in charge of our finances, has been forced to levy on this country taxation of an unprecedented character. When he last suggested his surcharges, he hoped for a surplus of 9.11 lakhs without taking redemption of debt into calculation. That dwindled down last year to an estimate of 2.20 lakhs. Again, this year, it has been raised to 4.15 lakhs. That is to say, when he suggested and got this House to accept these surcharges, he expected a surplus exactly twice as large as the surplus the revised estimates now prove we shall have. Notwithstanding the request he makes to us of continuing this exceptionally high rate of taxation, he can only show a 42 lakhs surplus. Sir, I do suggest that this is not a happy state of affairs, but he has warned us that we shall find that the Budgets of most countries in the world will be similar to ours. I presume he means that

the Budgets of most countries will impose the same taxation for the coming year as they did for the last, and, therefore, his proposals will not be found to be very different from those of other countries. It may be so. But, at the same time, let us not be carried away by the optimism of my Honourable friend. We were in a bad way, and we continue to be in a bad way, and nothing will prove to this House that these bad times have ceased until he can bring forward proposals to decrease taxation. I know it is not possible for him to do so this year. I am prepared to accept the position. I think it is right that this year we should have a balanced Budget. Under any circumstances, whatever burdens we may have to bear, we should be prepared to have a balanced Budget. But that does not mean that all is well. Who has bearing this brunt of taxation, and who is it that has enabled my friend to produce a balanced Budget? It has been the people of India, and I think my Honourable friend will give the people of India their due credit for having assisted him and this country to bring about this equilibrium. Sir, the taxpayer was not accustomed to have his rates of income-tax raised from year to year. From 1922 to 1930, the rates were stable. The rates were increased in 1930, 1931 and again in September, 1931. In the different grades I find that the increase of taxation has been from 50 to 122 per cent. That is no small amount, and notwithstanding the fact that we have accepted these increases, we find that with the lower rates that prevailed between 1921 and 1930, the highest amount that the Finance Member of this country obtained from income-tax was 21 to 22 crores, while with the increases I have stated he now estimates only a 18½ crore return. I think that should give us food for thought.

How long is this state of affairs to continue? I make bold to say that by a further increase of income-tax, my Honourable friend will not get the proportionate returns he should expect. The law of diminishing returns will set in and I am not by any means confident that he is going to get his 18½ crores for the next year. Nobody is better acquainted with the position today in India than the Honourable the Finance Member. He knows as well as any of us here the state of trade and commerce and industry and I would appeal to him, although we may be prepared to accept his suggestions this year, to consider what he can do in the way of reducing income-tax, at least for the poorer man. Not for the last many years has the man, with an income of between 1,000 and 2,000, been taxed. I would suggest to him that that class of man should at least have his sympathy and that his first action should be to relieve the man whose earnings are between one thousand and two thousand from paying income-tax.

Sir, my Honourable friend has most lucidly dealt with the question of the export of gold and I think many of my friends, who are not Members of this House and who have been his severest critics, will find it very difficult to answer the case he has made out for his policy. The whole question is whether this export of gold has done really any harm to the interests of the country as a whole. We are told that Government are depleting themselves of gold by allowing this gold export. I have not been able to follow that argument. Government have not parted with any of the gold they had. They have certainly allowed the individual to part with his own personal property which he may have held in gold. You will remember that there was a rush to sell gold even in England. When the Bank of England was being depleted of gold, the English people in their thousands came forward to sell their trinkets.

[Sir Cowasji Jehangir.]

Why? They got a price for their gold which they had never heard of before. That did not mean that the Bank of England was depleting any of its gold resources, because the Government allowed the people in the country to sell their gold. Sir, there is no doubt that a certain portion of the gold our people have sold must have been distress gold, but I cannot bring myself to believe that a greater percentage of it can be so characterised and I will give you my reason, which is a commonsense point of view. I do not profess to be a great authority on the subject. There have been times when the agriculturist has been in great distress due to famine, bad crops and other causes. Has he, on those occasions, years ago, come forward to sell his gold? He did not. Then, why was it that when he was hard pressed within the last two years he suddenly thought of his gold stores? It was because he was offered a price for the gold which he had never dreamt of realising in his life and he thought that it was a good time to sell. It is a fact and I think the Honourable Member has conclusively proved it by his own figures that a good deal of this gold has been used to finance imports. It is a surprising fact that 40 crores of gold was during the ten months of the current year used by the people of this country in importing from abroad what I may call, the necessities of life. On his own showing there is a difference of two crores between exports and imports. Add to that 88 crores of duty. You get 40 crores.

An Honourable Member: Why don't you add the duty on the exports which go out?

Sir Cowasji Jehangir: That does not affect the question. 40 crores, therefore, the people have paid and it is quite legitimate to say that the 40 crores have come out of the sales of gold. Now, that is not a hopeful sign. It is a most depressing fact that to finance your imports, most of them necessities of life, the people had to spend 40 crores of money obtained from the sales of gold. Notwithstanding this it has been a god-send to the Honourable the Finance Member, and—I do think it has done no great injury to the interests of the country as a whole. It has helped to tide over a very critical time, but the Finance Member has himself said that the accumulations of gold in this country can only stand twice as much exports as have taken place up to now and when you come to consider that these exports took place within a very short time, I do think that too much reliance should not be placed for the future or the immediate future on further exports of large quantities.

Sir, the Finance Member has supplied us with facts and figures which are of the most interesting character and may I, without being audacious be allowed to congratulate him on his Budget speech, a speech which, leaving aside the lucidity with which he delivered it, contains material which will keep us busy thinking for many a month to come. I do not remember having seen a Budget speech with such facts and figures. My Honourable friend has placed before us facts and figures on which his conclusions are based. We may disagree with him. It is impossible to deal with a Budget of this character in the few minutes at our disposal, but his cloth figures are the most interesting. What do they go to show? They go to show that the people of this country bought a larger quantity of cloth even considering the increase in the population. The total increase in cloth is 18 per cent. The comparative increase of the population is five per cent. taking the same ratio, because one is the ratio of

ten years and the other is the figure for 1932. Therefore by deducting five from 18, it leaves you 13 per cent. I say, this country has consumed 13 per cent. more of cloth, notwithstanding the increase in the population; but it has paid only 76 per cent. of the normal value. What does that show? It shows that it had been starved of cloth during the past years. When the prices of cloth fell below the manufacturing costs the people came to buy, but, unfortunately, Mr. Deputy President, and I would like to impress this fact upon Honourable Members, it was not cloth manufactured in this country; it was cloth manufactured abroad; and, what is more significant is the fact that instead of receiving three crores odd in customs duty on textiles, my Honourable friend is going to receive six crores odd. That is all very well and good; but as my Honourable friend pointed out, it tells a story and I do hope that all Members on the Government Benches will take the story to heart and that, when they do consider the future of the textile industry, which they will do in a few months, they will remember the significant figures that have been placed before this Honourable House by no less a person than the Finance Member of the Government of India.

With regard to the salary cuts, Sir, expressions of opinion have been plentiful. Now, when there was two crores 17 lakhs of surplus, there was a cut of ten per cent., but when there is going to be only 42 lakhs of surplus, my Honourable friend is going to return five per cent. Is that justified? Is it justifiable, I ask, to continue to tax the man earning from Rs. 1,000 to Rs. 2,000 and to return five per cent. of the salary cut? If my Honourable friend had come forward with a proposal to reduce that rate of taxation on the man earning Rs. 1,000 to Rs. 2,000 and then proposed to return the five per cent. of the cut, he might have had some justification. But it is no use beating a dead horse. The opinions of both Europeans, who do not happen to be members of the services, and of Indians, who also do not happen to be members of the services, are well-known; and I do think that perhaps it is one of those cases in which, if left alone, my Honourable friend would have acted otherwise. After all, let us realize that, till the reforms come into force, my Honourable friends opposite are not the "Government" of India. They are merely the agents of the Secretary of State, and, therefore, it does seem hard that we should, day in and day out, criticise them for actions which may not be theirs. Now, I am led to believe that this restoration of five per cent may be one of those occasions and, therefore, I do not desire to go any further.

Let me congratulate my Honourable friend on the Budget that he has presented. Let us hope he will continue to be in his seat at least till the reforms come in and that he will be able in his time to give us real substantial relief, and let us hope that Providence will so guide the destinies of the world that there may not have to be another emergency Budget. Sir, I call this a *status quo* Budget; but let us not be mistaken it is an extension of a Budget which my Honourable friend himself has called an emergency Budget. (Applause.)

Kumar Gopika Romon Roy (Surma Valley *cum* Shillong: Non-Muhammadian): Sir, at the outset let me congratulate the Honourable the Chancellor of the Indian Exchequer on the very nice Budget he has presented to this House. (Hear, hear.) Sir, I shall not labour to criticise the Budget in the way that my Honourable friends have done. I want simply to bring out a few points which relate only to Assam.

[Kumar Gopika Romon Roy.]

Assam, Sir, though a part of India, is like an island: it is separated by two big rivers,—the Brahmaputra and the Padma, so our interests are not quite the same as those of the other parts of India. But, unfortunately, Sir, we get very little chances of ventilating our grievances before the House; and that is just why I was telling a friend of mine the other day that, it would have been much better if the proxy system could be introduced into the Assembly.

An Honourable Member: Proxy system?

Kumar Gopika Romon Roy: Sir, it is needless to dilate on that. There has been a lot of wailing, there has been a lot of outcry from year to year on the floor of the House; but, Sir, very little redress has been vouchsafed from the other side of the Benolles; and that is just why I was saying to some friend the other day that it would have been much better and moreover it would have effected a much-needed saving of the Government if there could have been a total abolition of the system of representation in the Assembly or in the Councils. (Hear, hear.) (A Voice: "Total abolition?") Yes,—because our grievances are not heard, and there is no redress. Only this morning, many of my Honourable friends have said that the Honourable the Finance Member is simply playing the tune which is played from Whitehall. Well, be that as it may, as long as he is the only target, so long shall we aim all our grievances for redress at his Budget. Well, Sir, the Honourable the Chancellor of the Indian Exchequer has laboured hard for doing away with five per cent. of the salary cut, but he has, in drawing up that Budget, done so from the point of view of the capitalists and not from the point of view of the agriculturists or the cultivators of India. (Hear, hear.) He has, in a word, if I may say so, carried coal to Newcastle and not given a piece of bread for the hungry millions who are in this country. Sir, the fate of the agriculturists in this country is a miserable one. They can hardly purchase the commodities which are required for their daily use. Sir, it will be a sight for any one to pass through the villages of Assam,—I have no experience of other parts of India of the present financial crisis. The Honourable the Chancellor of the Indian Exchequer has travelled in the palaces of Simla and Delhi, Ottawa and London, but he has not cared to go into the heart of India. I am tempted to invite him once to the huts and hamlets of Assam from where I come. The price of paddy which was sold for Rs. 3 or Rs. 4 per maund in previous years is now Re. 1 a maund. The price which it fetches in December is lower, and you get less for the same amount than you can get in March and April. But this year in December the price of paddy was Re. 1 per maund and now it is under 12 annas a maund. In the face of this state of things we are asked to pay surcharges. Sir, my income in the collection of rent in previous years at the Puja time (October) was something like Rs. 25,000, and this year it is Rs. 1,500. Still we have to pay surcharges. And, if default is made in that, Rs. 500 is levied as fine. That is the condition of the country, and still the Honourable the Chancellor of the Indian Exchequer says that he is gratified that he has been able to place before the House a well-balanced Budget. Such a well-balanced Budget should be more clearly explained. Sir, the circulation of money has been stopped in the country, the purchasing power of the general public has been diminished, the price of land has gone down abnormally, the price of an acre of land

which used to fetch Rs. 100 does not fetch even Rs. 10 now. All the people, who had a little surplus, have gone funky, and that is why there is this rush for cash certificates and treasury bills, Government Securities, etc. Then there is another danger. There are motor dacoities, looting and plunder, postal dacoities and so on, all over the country. Every day the columns of the newspapers are filled with all these details and our mighty police are satisfied with giving them a political colour. That is how the police are doing their duty. Sir, when there is a flood in the country, people rush to the hills and even to the jungles in order to save their lives. Can any one consider hills and jungles as safe places? If that be the case, then this Budget also is a balanced Budget.

Then, I will turn to my planter friends. Sir, tea plantation has gone from bad to worse. A garden like Dewan, which was the greatest garden in the Surma valley, was about to wind up its business. Other gardens have stopped work and they work for four days or five days in a week. The rate of wages has gone down from four annas to something like two annas for males, and from three annas to six pice and two annas for females. That is the condition. Now, after the Russian agreement and the restriction of outturn, the state of affairs is somewhat better, but this also cannot be thought as a natural improvement. It is an artificial increase and it cannot be considered as one of the improvements towards the best. So both the agricultural products, namely, tea and paddy have gone. The jute also tells the same doleful story. Still we are asked to pay higher rates of postage, i.e., three pice for post cards and five pice for envelopes. For this I think many people have given up writing letters altogether. When one man goes from one village to another, he carries a bundle of letters with him.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): It is an offence under the Post Office Act.

Kumar Gopika Romon Roy: I do not know whether it is an offence, but what can they do in this state of affairs?

Sir, there is another thing. The civil court decrees for realisation of money have been ineffective. I have heard a lawyer saying that the real misery of a man begins when he obtains a decree, and that is what we are experiencing now. One gets a decree for Rs. 5,000; but when he goes with the attachment, he does not get even Rs. 500. May I ask, why people should be asked to pay court-fee on the face value of the demand and not on the realisation value? What justification is there for it? Then, there is another thing

Hony. Captain Rao Bahadur Ohaudhri Lal Ohand (Nominated Non-Official): Sir, does the Honourable Member mean to suggest that the decree once passed should be paid out of the Treasury?

Kumar Gopika Romon Roy: No, I mean the realisation value, the amount which you actually receive. That is my argument. I pay you an amount for realising a certain sum, but if you cannot give me that sum, you are bound to give me a refund on the proportion of the amount realised.

[Kumar Gopika Romon Roy.]

Then, Sir, in Criminal Courts the criminals, such as thieves, plunderers, and so on, were being gaoled. But now a new idea has been introduced. Instead of putting a criminal into gaol, too much stress is being laid on fine and that fine is also often realised by instalments. From this description of my mufassil experience, it will be apparent to the Honourable Members of this House how law and order is being preserved in the country. I do not know anything about this City of New Delhi, which is a City of palaces and *polices*. Under these conditions, we are again going to be burdened with a few more taxes, as if we are beasts of burdens, as they say in Hindustani "Dhobi ka gadha hai" and we ought to carry on whatever load our masters may put on our back even if the burden breaks our backbone.

Sir, may I ask the Honourable the Finance Member one thing? A lot of petrol duty is being realised from Assam. In the Imperial Services, Assam has not got a fair proportion, nay, I should say, one. Why? Because on communal questions, Hindus and Mussalmans fight in other provinces and even cyclones are seen to blow in the Parliament of ours, and they get preference, but poor Assam is always left in the background and that is because there is hardly any one to cry for them or to fight for them. Sir, with this woeful tale, I beg to conclude my speech and I pray that the Honourable the Chancellor of the Indian Exchequer will do his best in removing these grievances of my constituency, and for which I am thanking him in advance in anticipation.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muham-

4 P.M.

madan Rural): Sir, we have had a fruitful debate for two days in the course of which Honourable Members have passed in review the Honourable the Finance Member's Budget and the financial statement. If Honourable Members would turn to the opening passage in his speech, they will find the following words:

"The story which I have to tell "

—he says—

"This year of the public finances of India is a simple and—viewed merely as a matter of public finance—a satisfactory one."

That it is a simple story admits of no doubt. Honourable Members in this House will recall the genesis of this Budget in September, 1931, when the Indian public were electrified by a telegram from England that England had gone off the gold standard and we were told in the graphic language of the Honourable the Finance Member that he borrowed the Viceregal motor car and immediately hurried to the Post Office to prevent the threatened raid upon the Indian Banks. That was a time for the maximum revolutions of the motor engines and incidentally for the maximum revolution of the thinking mind. It was a time not for thought and reflection, but for action, and if, instead of the expert that he is, we had the merest tyro in the place of the Honourable the Finance Member, the thing that would occur to him would be: I wish now to balance the Budget—a deficit is inevitable in consequence of the financial policy, the exchange policy of England, and I wish, therefore, the customs to be surcharged, the income-tax to be surcharged, and there is an end of the trouble. That was not the time for the scientific adjustment of taxation,

and I grant that when he stood in his place in the special Session of 1931, he justified his emergency Budget on the ground of that emergency. That was his one justification and that was his sole justification. A voice of criticism was thrust aside in view of the appalling emergency which faced this country and the Budget for the next 18 months was passed in spite of the murmurs and protests from the Members on this side of the House, but, at the same time, the Opposition were unanimous in asking the Honourable the Finance Member to take time by the forelock and utilise the intervening period of 18 months to set his house in order, and, therefore, Sir, I ask you, and through you, the Honourable the Finance Member as to what account he has given to this House of the 18 months' campaign of economy upon which he had embarked. He shall have done his duty, if he certifies that both on the civil and military side that maximum of economy has been effected, which it was the duty of the Government to carry out and which the national emergency made it imperative. I know that the Honourable the Finance Member set up various Retrenchment Committees dealing with the various Departments, and I also know that last year and this year he had shown to this House many good results of the many recommendations of the various Retrenchment Committees, but the Honourable the Finance Member knows, as well as we do, that the effecting of retrenchments in the various Departments at this stage is not a mere matter of arithmetic, but it is a matter of high policy, and how far the Government of India had been able to influence their masters in the White Hall to accept the policy which this House impressed upon the Government of India is a question upon which this House is entitled to ask the Honourable the Finance Member for an answer.

Sir, let us take the three or four expending Departments of the Government of India. Take, for example, the Military Department, the defence. The Honourable the Finance Member has congratulated the Army upon the great sacrifice they have made in reducing their military expenditure, and I join with him in congratulating the Army upon the small economies they have effected within the limits of their power, and I have no doubt that the Honourable the Finance Member had striven his hardest to effect the alteration of policy without which large economies are out of the question. But when we consider this important question, we cannot forget that, as far back as 1929, the Statutory Commission unanimously and strongly recommended that a part of the Army expenditure must come out of the Imperial Exchequer, and this House for a generation has been protesting against the unjust levy of what is known as the capitation charges which come to about 2½ to three crores per annum, and it is an open secret that the Government of India, though paying these heavy charges out of the revenues of this country, have been protesting time and again against their exaction by the War Office in England and we were told that a tribunal would be appointed and has been appointed and that an early decision would be reached and that decision would have a retrospective effect, if I remember aright, from 1927. I should like to ask the Honourable the Finance Member two questions in this connection: the first question is, what has become of the Government of India's fight against the capitation charges? Is the matter still under consideration? Is it still eliciting consideration as it has been doing for the last twenty years, and, if so, how long will it be before a final decision is reached? The second question is, during the last twelve years that I

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know of, and for many more years before this Assembly came into being, it has been one of the main grievances of the occupants of these Benches that the army policy in India must be radically altered and that the post-mutiny ratio of one to two of Indian troops must be altered, and Indianisation not only in the higher ranks but also of the rank and file as well as a steady reduction of the British troops in India must be effected in the interests of economy. I remember two and a half years ago, and again twelve months ago, harking back to this question and asking the Honourable the Finance Member what steps he had taken for the reduction of the white army in India and the Honourable the Finance Member said: "You cannot reduce the white army without giving a year's notice". Well, he might not have been able to give notice on the spur of the moment, but I should like to ask as to what effective steps the Government of India have taken for the purpose of effecting substantial economy in this matter. The third question in this connection also referred to the tribunal that has drawn up a report on the question of Imperial contribution. On all these questions the Government of India should impress upon the Home Government the necessity of an early decision without which large economies on the military side are impossible.

Turning to the civil side, we have been assured by one of the occupants of the Treasury Benches that it is the intention of the Government to revise the scale of salaries for fresh entrants, and the Members on this side of the House have for several years been urging that if the Government of India accept the recommendation of the Lee Commission that in the transferred field the services must be provincialised and localised, what action have the Government of India taken to give effect to that unanimous recommendation which would have meant substantial economies under the head services. Then the Honourable the Finance Member has told us that there has been a decline in the export of Indian goods and that our imports are being partially paid for with Indian gold. The Honourable the Finance Member, referring to this aspect of the question, has admitted that payments for some of these imports have come out of the people's reserve: in other words, it is an admission that India is living upon its capital in purchasing the simple commodities necessary for her daily wants. That is a sad picture.

Turning now to the various Departments, we have a gloomy picture. The other day when we had the railways before us, six to eight crores of rupees had to be found to make good the loss, out of the depreciation fund. We have the income-tax revenue, which, in spite of the 25 per cent. surcharge, has fallen to about 18 crores; we have the Posts and Telegraphs where also, in spite of the surcharge of 25 per cent., there is still a net loss on the working of the Department. We have other Departments of State where you find a steady decline in income, and there can be no doubt, as some Honourable Members have pointed out, that we have reached a stage when the law of diminishing returns is actively coming into operation. Now, what I should like to know is this: the *ad hoc* taxation proposal of 1931 devised for a period of emergency threatens to be a normal Budget provision. The period mentioned in September, 1931, according to the Honourable the Finance Member, would expire on the 31st of this month, and yet the same emergency measure is sought to be extended for a further period of twelve months. In view of the depressing state of affairs to which I have adverted,—and

Honourable Members by casting their glance through these pages would be able to implement the few facts which I have given by way of illustration—I should have expected that the Finance Member would thoroughly overhaul the financial side of the Government of India and ruthlessly cut down expenditure and force upon the Home Office the desirability of following a new policy of economy and retrenchment.

My Honourable friend, Sir Cowasji Jehangir, describes this Budget as a *status quo* Budget. I should have been glad for small mercies if it were merely a *status quo* Budget; for while the taxation remains at *status quo*, the expenditure has increased by the remission of five per cent. cuts in the salary of the services and other remissions given out of the surplus that was received and expected. When I turn to the question of these surpluses, Honourable Members will recall the history of the last year's Budget when we wanted to make a cut of a reasonable sum of three crores, but the Finance Member was unable to see eye to eye with us. I ask the Finance Member to say as to whether we were not right in forcing the hands of Government in cutting down expenditure to the tune of about three crores. I think if Honourable Members will remember the cut they had made last year, they will have every thing to congratulate themselves for, and if the Finance Member had accepted those cuts, it would have strengthened his hands in moving the higher authorities and giving him the power to revise the expenditure of the Government of India. Sir, we have been told that everything in this Budget is very satisfactory. That reminds me of a physician who comes and feels the pulse of a patient and says that it stands at 106° and that the patient is in a delirium. He asks the patient: "What is the matter with you?" And the patient says: "I do not know". The physician says: "Your organs are all right, your spleen is all right, your liver is all right, your heart is right, your abdomen is all right, and everything is all right". But then the patient asks: "How is it that my temperature is 106°?" We were told, my dear friends, if your temperature is 106°, think of your neighbours, their temperature is 108°. Feel happy that your temperature is only 106°. But then he says: "That fellow next door is a younger man with a large staying power, and he might be able to outlive me with his 108°, my staying power has been depleted by a succession of bad years and famished food",—but the physician says—"My good friend, so far as you are concerned, when you die, one of my friends in the back Benches proposes to impose a death duty upon you". (Laughter.) "And why should you be sorry? Death will be a happy release not only of yourself, but of all your estate, moveable and immoveable". Such is the counsel, Sir, that Honourable Members give from back Benches of this House, absolutely irresponsible as they must feel themselves to be when they speak of death duties and the rest of it with a light breath.

Sir, one more word, and I have done. Honourable Members will remember that the whole trade policy of the world of currency and of exchange is going to be reviewed in the world economic conference in the near future. The Honourable the Finance Member must be aware that the preliminary agenda of this economic conference has been published, and I should like the Finance Member to assure this House that before any decisive step is taken by the Government of India, this House will be consulted and it will not be relegated to the background as it was when the Ottawa Agreement was entered into by them. I hope, Sir, that the mistake of the past will not be repeated, and that the Government of

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India will not commit themselves to any definite policy in connection with the world economic conference without consulting this House and without taking into confidence the popular Chamber whose decision may not bind them, but whose decision is certainly worthy of consideration.

Sir, having said this much, I must also end with a note of optimism and felicitation as many friends on the Opposition Benches have done. The Honourable the Finance Member has reminded this House that this is his last speech in a normal term of five years

Several Honourable Members: No, no; he will come next year.

Sir Hari Singh Gour: We may also remind the Finance Member that this is also our last speech in the normal term of the life of this Assembly. Consequently, a great deal of mutual sympathy must come in and go out, because we are told, we are on the eve of expiry of our time. But as we hope that there will be a temporary respite, we equally hope that we shall also have a respite in the case of the Finance Member, and thus, not in the capacity of an irresponsible bureaucrat, but at any rate in the capacity of a friend and colleague, he will be still with us next year and thereafter to guide and assist us in unravelling the tangled skein of Indian finance. We feel certain that when he is freed from all embarrassments and trammels of office, from the limitations imposed upon him by the very necessity of his irresponsibility to the popular Chamber, he will be a very different Financial Adviser to what he is and has to be as the Finance Member of an irresponsible Government.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, as I was listening to the speeches of the various Honourable Members during the last two days and hearing how they began their speeches with congratulations and ended them with a condemnation of the Budget and of the Finance Member. I thought to myself whether the Biblical lines were not passing through the mind of my Honourable friend:

"Woe, unto Thee,

When all men speak well of Thee."

I think, Sir, the Honourable the Finance Member has done the best that he could under the circumstances in which he finds himself and the limitations that are necessarily imposed upon him in his high and exalted office. I shall not indulge in what I may call a congratulatory condemnation, but I shall refer to only a few points that arise from the speech of the Honourable the Finance Member. I should like, first of all, to refer to the restoration of the five per cent cut in salaries, not because I want to beat a dead horse as my friend, Sir Cowasji Jehangir, pointed out, but I wish to draw a lesson therefrom, and I want to impress upon the Finance Member and, through him, on those who are behind him in the advice that they give him in this respect, the importance of one consideration. I do not grudge the restoration of the cut in salaries to my friends of the civil service, but I do venture to think that in spirit, if not

in letter, the promises which were made at the time when this cut was made and the surcharges were levied have not been fulfilled by the Government of India. Speaking in September, 1931, on the necessity for imposing this cut, the Finance Member said that "these cuts should be of a temporary nature and not extended beyond the need of the present exceptional emergency. Its justification is the need for a common sacrifice in a national emergency." I ask the Finance Member to say whether that need for common sacrifice has ceased to exist at the present day. When you find that every other section has been called upon to make a sacrifice, when you are preserving your surcharges on customs duties, when you are retaining your surcharges on income-tax, when you are keeping up your rates on post and telegraph duties, when you are continuing your increase of passenger rates, when every section of the community has been asked to make that sacrifice, when the economic position today is just what it was in 1931, except for the fact that the Budget has been balanced, I ask my friends whether the Finance Member has been carrying out his promise in spirit when he restores the cut only for the services of this country

Mr. W. W. Smart (Bombay: Nominated Official): They have been paying taxes like you.

Diwan Bahadur A. Ramaswami Mudaliar: Did you not have the surcharges removed at the time? But apart from that was not that consideration present when the Finance Member made his proposals? Did it escape the notice of my friend, Sir George Schuster, when he made that statement? When every other community has been asked to continue to make the common sacrifice what justification is there to propose that this five per cent. cut alone should be restored? Has the position of the services been worsened since 1931? How has the position of any other community or people been brightened since those days? I did not want to make these observations. I was going on to say that I do not grudge that this cut has been restored. If my Honourable friend had waited a little, he would have found that my point was quite different, and I shall proceed to elucidate it. Turn again to another passage of my Honourable friend, the Finance Member. Finance Members should be very chary of forecasts and predictions, but they occasionally do have lapses and make these unfortunate forecasts. Let me quote what my Honourable friend said on that occasion:

"It is perhaps forecasting events too much to say in what order these reductions should be made. But there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay and, secondly, in taking off the surcharge on the income-tax now to be imposed."

Then, my Honourable friend continues:

"I think we may predict with as much certainty as is possible for any such forecast that these special impositions will not in any case be extended beyond March, 31, 1933."

They have been extended, for although the cut in salary has been partially restored, every other surcharge continues to be where it was. Not merely that. If the Honourable Member had said that this five per

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cent. cut will be restored to the services at the present moment; because we do feel that we are under some sort of obligation to them, I would not have quarrelled, but the emphasis that the Honourable the Finance Member has laid on future policy, that whatever may be the result, the first charge on any surpluses will still be in the restoration of the full cut, I should like to enter my protest. No, Sir. That will not be fair. I know that what has been done cannot be undone. I know that even before the Assembly has had an opportunity of expressing its opinion, not merely the ukase of the Finance Member of the Government of India has gone forth, but Parliament itself has passed its Statute on this subject restoring the five per cent. cut. We, therefore, have no alternative but to accept the position. But, even at this late stage, I venture to suggest that when the time comes next for thinking of surpluses and their allotment, the Honourable the Finance Member will be well advised to note the considerations that have been urged by every section and every community, that the income-tax payer also must have some little consideration in this matter. Perhaps a simultaneous advance in these matters may not be quite unfair.

I come now to the question of the loan operations of the Honourable the Finance Member. I am glad that the House has congratulated him and I wish to join in the congratulation that the Honourable the Finance Member has been very successful in the recent conversion loan that he has floated. But I wish to ask him one question. You have converted your rupee debt here. You have floated the debt and it has been a fairly good success. You expected 20 crores, but you got 38 and one-third crores, but what about conversion operations in England on your sterling loans? What steps have you taken to see that conversion is made of these sterling loans on which you are paying such high rates of interest? Have you moved in the matter? Have the Government of India taken any steps? I was present in England during the time when an operation on the most unprecedented scale was carried out successfully by the Chancellor of the Exchequer in England. Two thousand million pounds of loan was converted within two or three months successfully by the British Treasury in England. Was it not possible for the Government of India to approach the Secretary of State and, through him, His Majesty's Government and ask that in that huge conversion loan we also might have a little bit of help, a little bit of consideration? Have the Government of India done it? If they have done it and if they found opposition from the other side, they would stand acquitted of any charge. But if they have not moved in the matter, I think it is fair to suggest that the Honourable the Finance Member has not been diligent in the prosecution of economy and taking advantage of these facts and factors which have been so patent to the financial world during the last few months.

Now, let me make it clear that I am not one of those who are enthusiastic from the public point of view of the fact that there is cheapness in the money market and that the holds of banks have been glutted with money. I think it tells its own sad tale. It means that trade and industry are paralysed, that because there is no other source of investment, they are coming to Government securities and putting it in at two per cent. in England and four per cent. in this country. Everybody knows that, for the last ten years at least, there has never been a four

per cent. rate for Government paper and the fact that the public come in and invest at that rate shows paralysis that has overtaken the industry in this country. The huge conversion loan in England shows the paralysis that has overtaken Great Britain in her commerce and industries.

Now, Sir, let me refer to a point which has been referred to in the Budget by my Honourable friend. My Honourable friend is a financial purist. The Government of India is a financial purist. He makes provision for the payment of war debts. He makes provision for the instalments in the current year and for the full payment of the whole of the war debt, that is due, next year. We know that there is a great deal of talk about these war debts in other countries. The Finance Member will realise that there is a possibility that the war debt may be reduced or ignored or repudiated. Now, why has the Honourable Member been anxious to make this provision? He says that there has been no demand made by the Government of Great Britain on India. He knows that these demands cannot be met by the other dominions. Australia cannot pay. Canada cannot pay. South Africa will not pay it. Great Britain has not made a demand on these countries. It cannot make a demand on India without simultaneously making demands on its colonies or dominions as they are called. With what motive then has the Honourable the Finance Member made a provision for the payment of this war debt in the current Budget, the half yearly debt that we owe? Why not wait till the demand comes? Why show your anxiety almost to get rid of this amount which is owed to Britain? I am not one of those who is for repudiation of debts. I wish to make my position perfectly clear. There was a suggestion made yesterday that because one Assembly is not responsible for what another Assembly had done, therefore those charges that have been handed down to us by our ancestors should be repudiated. I do not stand for that position. I stand for what is termed "continuity of policy" for administrations and Governments. Whether you have done well or ill in managing the affairs of this country, your successors must take over your liabilities without question and without cavil. I have stood for that position before. I stand for that position now. I am not, therefore, advocating repudiation of debts by any means, but I do venture to think that there is not much justification for making this provision in the current Budget or a similar provision in the next Budget. The trouble in this side of the House is that we do not have all the cards of the Honourable Member placed on the table. Their official etiquette makes them suppress several important, vital and relevant matters. That is at the bottom of the trouble and has been a real source of trouble for some little time.

My Honourable friend, Mr. O'Sullivan, with a vigour which is rather unusual from a Member of the European Group, has ventured to put forward both on the last occasion when he made his maiden speech and, on the present occasion, suggestions, criticisms and observations, galore. I shall not pursue him in all those observations when he says that this side of the House has not sufficient thoughts or views to put forward and has no constructive suggestions to put forward. I would venture to recall to the mind of the Honourable the Finance Member some suggestions that he himself was considering some years back. In introducing his Budget for 1931-32, the Honourable Member referred, with great favour, to a suggestion that was made by the Bengal National Chamber of Commerce regarding a duty on tobacco, and I was hoping that

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he was going to pursue that suggestion. Now, I find,—this is what he said :

"As regards tobacco, I may take this opportunity of expressing my appreciation of a very valuable memorandum which I have received from the Chairman of the Bengal National Chamber of Commerce containing a study of the operation of a tobacco monopoly in many countries and a suggestion for the introduction of such a system into India. That is a matter which has often been considered, but never pursued to the end and we are now consulting Local Governments as to setting up a special committee to study the question this year."

Sir, I do not know what has happened since then. These suggestions are not pursued to their logical end. I would not have raised this question but for the fact that we find that the Bombay Government has supported such a proposal, and has passed a law increasing the tobacco taxation. Now, it is a matter of common knowledge that one of the excise duties which it is proposed to be levied by the future Federal Government is an excise duty on tobacco. Now, if you give the right to Provincial Governments to raise this tax, what is going to become of the right of the Central Government, the Federal Government when that Government goes on to levy that tax? You create vested interests, which it will be very difficult afterwards to remove, and I, therefore, venture to suggest to the Honourable the Finance Member that either he should withhold permission to levy such taxes from Provincial Governments or he should take the matter into his own hands.

Sir Cowasji Jehangir: It has been there in Bombay for years.

Diwan Bahadur A. Ramaswami Mudaliar: At any rate, further increases of it should not have been done. We know the difficulties which will arise when the question of Federal taxation in this connection is taken up.

Now, there is one small point. I think my Honourable friend said in the course of his speech that out of the exemption from surcharges that will be removed from officials about 38 lakhs would, as he hoped, be collected,—he was going to resort to the old policy of doles and was going to be a Father Christmas to all deficit Provinces. Sir, I venture to put forward, very humbly but emphatically, a protest against that suggestion. (*Some Honourable Members:* "Why?") Why should this surcharge revenue, that will come from the Presidency of Madras through the removal of the exemption from the surcharge from officials, be handed over to my friends in Bombay merely because Bombay is a deficit Province?

Mr. H. P. Mody: They will have to pay more for their officials' salaries. They must get it back.

Diwan Bahadur A. Ramaswami Mudaliar: I am afraid, my Honourable friend has not followed the question. It is a purely provincial source of revenue. If any benefit should come to any body from its being collected from provincial officers, it should go to the province where they serve, and it seems to me the height of impropriety to collect the surcharge from the officers of Madras and pay it for the benefit of the officers or the public of the Bombay or any other Presidency.

Sir Cowasji Jehangir: May I ask my Honourable friend, for how many years he has allowed the Central Government to enjoy the income-tax from Bombay, which is much larger than the income-tax paid from Madras?

Diwan Bahadur A. Ramaswami Mudaliar: I do not want to enter into these questions. My own opinion is that Madras has been bled white for years and years, that its surplus has been seized by the Central Government, and that the Bombay Presidency has been one of the pet babies of the Government of India (Hear, hear) in a variety of ways, and that Bombay has been having all the advantage so far. We hope to have our turn when the new constitution comes (Laughter); and we hope to see that Bombay, separated from Sind, will have its rightful place on the comity of the various provinces of British India. One more word, and I have done. Sir, the mention of Bombay reminds me of the future. I visualize the future—during the next two or three years—when perhaps a Bombay financier will occupy the position of the Finance Member of the Government of India. My ambition is nothing more than that I should then stand up here again as a member of the Opposition; and the thought that would then come to my mind, in spite of all that I have said of the Finance Member of the present Government of India, either in this speech or in the past few speeches, the thought that would come to mind is the feeling which the poet had:

“We look before and after
And pine for what is not;
Our sincerest laughter with
Some pain is fraught,
Our sweetest songs are those
That tell of saddest thoughts.”

(Applause.)

The Honourable Sir George Schuster (Finance Member): Sir, many Honourable Members, who spoke in the debate on the Budget, complained that they had not had time to read my speech even though a full day had intervened. But the 40 Members who have spoken during this debate had one speech to answer and I, Sir, a single Member, without any intervening day, have to deal with 40 speeches. It must be obvious, in those circumstances, that my reply cannot be very full on all the points that have been raised. The debate, if I may say so, has been a very interesting one, and I have derived very large profit from it. There has been one notable feature on which perhaps I may comment and that is that you, Sir, in your exalted position, have been precluded from opening your mouth. (Laughter.) May I perhaps put it that I am thankful for small mercies and still more so for great ones.

At the outset, and before I deal with the points that have been raised, I would like to express to the House my appreciation of the extreme courtesy and kindness which every Member has shown to me personally. I think I may say that the House or a great part of it does not very much like the medicine contained in my Budget proposals, but I must say that they have been extraordinarily nice to the doctor. Sir, in some ways the tributes and the kind remarks that have been made are perhaps more embarrassing to deal with than the criticism. One feels, when one looks back, the great difference between the ideals that one may have cherished and what one has been able to achieve. At least to that, I think the House has recognized that the times have been very difficult ones. But even so, I do feel, in spite of all that has been said in this debate, that the situation in many respects is one for satisfaction, in that we do now stand, at least for the moment, amidst a world which is fundamentally

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insecure, in a secure position. And that means a very great deal. I doubt very much if any Honourable Member of this House fully appreciates how insecure the position of the world at large is today or how good, in comparison with the state of affairs in the rest of the world, the position of India is. Having said that, I wish to make it quite clear that I in no way,—although it was suggested by my Honourable friend, Mr. Das, that I did so.—claim the credit for that myself. The only thing that we have done is to stand for sound finance and, in that, I think I may say that, in spite of differences as regards details, we have had the support of the majority of this House. An expression of that support has been repeated again today, and I give every tribute to the Members of this House that, in spite of great difficulties, they have stood for a policy of sound finance. For, after all, if we go back to the past and remember—regretfully—that in certain respects the special powers of His Excellency the Governor General have had to be invoked to pass a part of the Budget proposals that we had put forward, still, with regard to the great bulk of the proposals, they received the support of the majority of this House. And where the House has differed from us, it has not been on the point as to whether we should stand for sound finance or dangerous finance; it has been rather in matters of detail where they have felt that we might perhaps have secured a balance by a little more retrenchment and a little less taxation than our own proposals involved. I want, therefore, to express my appreciation of the general attitude that this Assembly has displayed through all these difficult years when time after time I have had to come forward and ask them to pass heavy programmes of new taxation. I do claim that the Legislative Assembly of India has stood throughout for sound finance and, therefore, if our position is a sound one today, they deserve the greater part of the credit.

Now, Sir, in the many speeches that have been made, it is very difficult to detect any general lines on which I could focus my reply. But I may perhaps say that there were two main lines into which I can classify what has been said in these various speeches. On the one hand there has been a type of criticism on the lines that my general attitude as to the existing position has been too optimistic,—that I have drawn too optimistic an interpretation from the facts that I have put forward. That is the first line of criticism, and the second line is in the form of criticism of particular measures and particular proposals. Now, Sir, as to the first line, I am glad of this opportunity in replying to the debate to clear up any misunderstanding that there may be on that subject. It has been suggested by many speakers that my appreciation of the position displays an attitude of callous complacency. Sir, I do not think that any one, who read the speech which I made at Ottawa and the appreciation of the position which I then gave, can accuse me of being callously complacent as regards the difficulties of the Indian situation. I fully realise the black features of the present situation. I fully realise also that merely to have a satisfactory position as regards public finance does not mean that all is well with the country. My Honourable friend, Mr. Mitra, when speaking, called attention to the first sentence of my speech in which I said,—and it has been also referred to by the Honourable and learned Leader of the Nationalist Party:

“The story which I have to tell this House of the public finances of India is a simple and, viewed merely as a matter of public finance, a satisfactory one.”

Sir, I put in that qualification very deliberately. I do not think that the situation in India, viewed as a whole, is entirely satisfactory. Let no one misunderstand me on that point. But I do wish to ask the House to consider the position of a Finance Member when he has to make a pronouncement which is widely reported all over the world. It would be very easy for me to gain credit in this House for an attitude of sympathy and understanding by looking at the black side of the picture; but, in gaining credit for myself, I should damage and perhaps, destroy the credit of the country. (Applause.) And, therefore, I deliberately refrained from dwelling too much on the difficulties of the situation. I deliberately selected those aspects of the situation which did give ground for encouragement. While saying this, I must, of course, make it clear that I would never have followed a process like that to an extent which would give a misleading account of the position. But I do think that at the present time, it is better to call attention to those facts which give ground for encouragement, and not to take the line that we are going to the dogs and that this country has no hope of salvation. Sir, I do not believe that for a moment; I believe that the position is fundamentally sound. I believe that we have come very well through our difficulties hitherto; and while I feel that those difficulties are by no means over and that we may have in the future to face even more difficult problems of readjustment than we have had to face yet, although I believe that, I am absolutely confident that India will pull through all those struggles far better than any other country that I know. (Applause.) Now, Sir, complacency would be a very dangerous quality and even optimism would be a dangerous quality if it led one into practical action inconsistent with the dangers which exist. As to this, I would ask the House to consider what other practical action, what safer form of practical action we could have taken at the present moment than we have done. I do not think that Honourable Members opposite would suggest that if they had succeeded in persuading me to take a more pessimistic view of the situation than they think I do, I hardly think they would have suggested that I should have provided for that by increasing the burden of taxation. Sir, I believe that, in the present circumstances, we are doing the right thing in asking the House to continue undisturbed the main structure which we put up in September, 1931. I believe that is sufficient for the moment. It has worked well so far and there is no reason to think that it will be inadequate to work further adequately in the near future. But undoubtedly we have got to watch the situation and, if it was thought that my so-called complacency was leading me as the adviser of the Government on these matters to suggest that there was any justification for relaxing our efforts of retrenchment or opening the door in any way to weakening the situation, then, Sir, indeed the criticisms of Honourable Members opposite would be fully justified. But that is not the position.

Now, Sir, turning to the various detailed points that have been raised, it is, as I have said previously, impossible to go one by one through all the speeches. Naturally a speech which was made last remains in my memory, and I would like just to take up the points raised by my Honourable friend from Madras who has just spoken. He first of all asked whether we had considered doing anything as regards the conversion of our sterling loans. He must have an exceedingly poor opinion of my intelligence or my sense of my responsibility if he really believes that it has not been actively in my mind, ever since there was any opportunity for taking advantage of the situation in London. I cannot—and this is one

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of the occasions on which I cannot—put all the cards on the table. I cannot afford to tell the House exactly what is happening in that matter, but I would ask my Honourable friend to believe that it is in the very forefront of our attention. (Applause.)

Then, on the question of war debt, my Honourable friend complained that the cards were not on the table. If there are any other cards, they are certainly not in my hand. I have given the House a very full account of the situation exactly as it is, and, as far as I know, there is nothing more to be said about it. My Honourable friend complains that we have made a provision next year for payment of our ordinary liability on what is known as our war debt. I would ask him, Sir, what would the House have thought if we had come before them and presented proposals for a balanced Budget which contained no provision for that liability. That liability exists. It was suspended only for one year under the Hoover moratorium.

Sir Gowsaji Jahangir: May I ask the Honourable Member why he does not take into account also the monies that ought to be received on account of reparations which he has left out? If he takes one into account, should he not take the other one also?

The Honourable Sir George Schuster: Unfortunately, we must suffer to some extent for our own virtues. We, as debtors, are "good debtors" who accept our obligations. But unfortunately the countries that owe us reparations may be unable to pay us. Apart from that I would put this to my Honourable friend. The position as regards reparations is quite different to the position as regards war debts. As regards reparations, a definite agreement was made at Lausanne for the suspension of reparation commitments, and although none of the Powers, that were parties to that agreement, is bound by it if the war debt cancellation is not carried out, still, for the present, that agreement holds the field. The position as regards war debts on the other hand is that we are definitely under an obligation. We call it a "war debt", but it is part of our dues just like anything else, and it is only by the generosity of the British Government that we were allowed to participate in the benefit of the Hoover moratorium. But, now, if the Hoover moratorium is not going to be extended, we can hardly expect the British Government to go on meeting their own obligations to the United States and demand nothing from their own debtors. We must make provision for this liability. It would have been totally unsound for us to present estimates without making provision for it, but I did mention in my speech that this is a possibility which may not materialise, and Honourable Members can rely on us to do our utmost to see that it does not materialise.

Now, Sir, the next point that my Honourable friend raised was as regards the taxation of tobacco. He asked what we had done in the matter. We went very carefully into that and we came to the conclusion that any practicable plan for the taxation of tobacco would have to be carried out in a form which would make it a provincial source of revenue. We, therefore, discussed the whole question with the Provinces. We had two conferences on the matter. We have been into it very fully, and we have got most of the provinces to agree to start tentatively on lines which may make it possible to develop the taxation of the consumption of tobacco as an important source of revenue. It is a matter of extreme difficulty in a

country like India,—and I think my Honourable friend will appreciate what the difficulties are—it is a matter of extreme difficulty in a country like India to make tobacco a source of revenue such as is possible in France which has no local cultivation of tobacco and where a State monopoly can be easily run. But I can assure my Honourable friend that we are proceeding now with the maximum speed in the direction which is likely to lead to most hopeful results, or rather the Provincial Governments, acting in consultation with us, are taking such steps.

The last point of my Honourable friend was as regards what he called “doles to the provinces”. I think, if I may say so, he has misunderstood the position. The suggestion, which we have in mind, and which would of course have to come before the House in the form of proposals which would require the approval of the House, is that to any province which is in deficit this year we should refund the amount of income-tax, that we collect on the salaries, of its own officials representing the surcharge which is now imposed on those salaries for the first time. There is no question of Bombay getting a dole at the expense of Madras. If Madras is not in deficit and, therefore, not entitled to this assistance, then all that our proposal means is that we shall retain the money ourselves. We certainly shall not use that money to improve the position of Bombay.

Now, Sir, to continue dealing with the various special points that have been made, I would like to go back to the first speech in this debate made by my Honourable friend, Sir Leslie Hudson, the leader of the European Group. I should like to join in the general expression of appreciation which has been forthcoming from all sides of this House on my Honourable friend's speech. He referred, as many Honourable Members have, to the question of the stamp duty on cheques, and although that is a very small matter. I would like to say something about it. In the first place, I wish again to make it clear that we ourselves, as I said in my speech, agreed very reluctantly to put this proposal forward. Secondly, I should like to clear up one point, because I have—quite inadvertently, as I am sure the House will be ready to acknowledge,—misled the House as to the real sense of the recommendation of the Central Banking Enquiry Committee. On this matter I quoted from one paragraph, but I ought really to have quoted from the preceding paragraph in which the Central Banking Enquiry Committee made it quite clear that, in their opinion, the removal of the stamp duty on cheques has acted as an encouragement to the cheque habit. But although this is their opinion, I am bound to say that I think myself, on the evidence, that one cannot say that the abolition of the stamp duty has had any very appreciable effect on the matter. That, however, is my own opinion, and, when I quoted the Central Banking Enquiry Committee, I ought to make their own views more clear.

Apart from that, as regards what Sir Leslie Hudson said, there is another matter which I should like to clear up and that is our policy as regards capital expenditure. He seemed to think that my Budget speech contained an expression of policy which implied that we were not going to take advantage of cheap money conditions to relax restrictions on capital expenditure. I meant in my speech to express an exactly contrary intention, but I did think it was necessary to make it clear that we had not in mind any rash expansion of capital expenditure which might damage our credit in the market or which might involve us in expenditure of an uneconomic and unproductive kind.

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Now, my Honourable friend gave an appreciation of the position as regards the Railways which does not agree with the appreciation which I myself have had from those who are responsible for running the Railways. I do not think it is fair to say that the Railways are in great shortage as regards rolling stock and that, if there was to be any revival of traffic, they would be unable to cope with it. That is quite contrary to the information which I have received; and, if my Honourable friend is right and we are wrong, then the matter will be put right, because it would be certainly consistent with the policy which I should support that any shortage of that kind should now be put right. Another speaker, dealing with this matter, seemed to my mind to have a wrong idea of what the position as regards the Railways is, I think it was my Honourable friend, the Leader of the Independent Party, who said that, when I spoke of remunerative expenditure and productive expenditure, he hoped that we had not in mind expenditure of the kind which had already gone into the Railways which he seemed to regard as a bad investment. Now, as regards the Railways, although it is true that after making full provision for a very high allocation for depreciation, the Railways cannot pay the full interest on the advances which they have received from the Government this year and that in fact they have to draw on the depreciation fund to pay that full interest, nevertheless if one looks round at industrial undertakings, commercial undertakings, and undertakings of that kind in the whole world, I do not think that you will find any undertaking which is more remunerative on the basis of the whole capital that has been put into it, than the Indian Railways today. If we could be assured of investments in the future which would be so good for India's interest as investment in the Railways have been in the past, then we need fear very little from further capital expenditure. But the position, I think, is that as regards Railway development, the obvious opportunities are now exhausted, that there are no very urgent needs for extension of Railways, and that, if we are considering measures which will go to increase the economic productivity of the country, we have got to look to other things, as well as the Railways. We have certainly got to consider the question of road development in connection with the Railways and that is the position which I made clear in my Budget speech.

This leads me to one other important matter which, I think, I must mention. My Honourable friend, Dr. Ziauddin Ahmad, in speaking early in the debate, asked what Government had done in order to improve the chances of a rise in prices and a revival in economic activity. He quoted to me my own speech at Ottawa and he asked me what I have done since I came back to India to carry out what I then indicated as one of the most important purposes. Well, I must point out to him that in considering the effect of monetary policy on prices, that is to say, if one is aiming at creating a rise in the general level of prices by monetary policy, a country in the position of India is not really able to give a lead. Our own opportunity for influencing prices throughout the whole sterling area is a comparatively small one, and the lead in a policy of that kind must be taken by the United Kingdom. But, in our own small way, we have tried to do what we can in that direction by creating conditions of cheap money in this country, and that is really the only way in which, at least in my opinion, one can look for a sound process of recovery. What happens is this: if we can continue conditions of cheap money, then the

first result is—and this has been pointed out by several speakers and I entirely agree with their appreciation of the position—that other opportunities for the investment of money being lacking, that money flows first of all into Government securities. Then what, one hopes, will happen is that Government securities will gradually be pushed up to such a high level that the ordinary investor will feel that investment in Government securities at that level is no longer attractive and the overflow will spill over and help to find money for second class investments. Among “second class investments” I would put mortgages, debentures of industrial concerns, etc. The money, after having saturated the Government security market, ought to flow over into investment in industrial debentures. Those, again, should show a rise in prices until again it becomes unattractive for money to go into them at the prices they have reached, and then the public becomes ready to take up ordinary shares. Simultaneously with that, the improvement in the credit of the industrial concerns and the fact that cheap money makes it possible for them to raise new loans at low rates of interest ought to operate as an encouragement to undertake capital expenditure; and, once you start the process of capital expenditure, then you are well on the way to an industrial recovery. That, put very simply, is, as far as I can see the situation, the only sound way in which we can expect to get out of our present troubles, and, therefore, although I agree with many of the speakers who have said that cheap money is not expected by itself to bring happiness to the community, nevertheless cheap money conditions ought to create those conditions which will lead to an industrial revival, and that is why we wish to continue that policy and why we feel that the fact that we have been able to stimulate a rise in Government securities is likely in the long run to be of considerable benefit to the country.

There is a very great deal that I would like to deal with, but I think I have already kept the House long enough and there will be other occasions on which one can touch on many of the points that have been raised. I would, in the end, ask the House to take this view of the situation. The difficulties, as I have said, that lie before us are very serious and in our action we must keep that constantly in mind. But let us not forget that there are encouraging features in the situation. This morning, in the course of the debate, I noticed that my Honourable friend from Bombay, Mr. Mody, was going to speak and I sent a note across to him and I asked him to do two things: (a) not to talk about my own complacency, and (b) to tell us one or two of those stories which he is so good at telling. He went half-way to satisfy the first condition and he entirely satisfied the second. (Laughter.) But, really I feel that we are not very far apart from Honourable Members opposite in this whole matter. I do feel that they agree with us in pursuing a policy of sound finance. I do feel that, although they can criticise us on certain points, they nevertheless do not quarrel substantially with the main line of the programme which I have put forward. They recognise in fact that what they have to complain against is outside fate rather than the present Government. They recognise that we must be patient and wait till world conditions improve before we can safely relax any part of the present strain. My friends in the European Group, I know, are very anxious to see the income-tax reduced. I would say to them—please be patient, and if I may end with a lighter note, I would like to read to them a note which was given to me by a very prominent business man in New York who was lunching with me the other day. It is an extract from a letter read by the Governor of the Hudson Bay Company

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at the annual meeting of that Company in London. The letter was from a farmer or trader who was in debt to the Company: His words are these:

"I got you letter about what I owe. Now be pachant. I ain't forgot you.—Please wait. When I have money, I will pay you. If this was the judgment day and you was no more prepared to meet your Maker than I am to meet your account, you sure would go to."

—a place which I cannot mention—

"Trusting you will do this." (Laughter.)

Now, Sir, I certainly do not trust that my friend will do anything like that, but I would ask him to be patient. We must be patient, and by all means in the interval of patience, let him criticise the Government as much as he can, let him spur them on to fresh efforts at retrenchment, and if he can do so, let him suggest other measures by which we can preserve, with less burden on the country, that sound finance which I believe he and all Members of this House wish to see preserved as much as we do. (Applause.)

The Assembly then adjourned till Eleven of the Clock on Monday, the 6th March, 1938.