

14th March, 1933

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

1933

FIFTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1933



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M97LAD

Legislative Assembly.

President :

THE HONOURABLE SIR IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E. (Upto 7th March, 1933.)

THE HONOURABLE MR. R. K. SHANMUKHAM CHETTY. (From 14th March, 1933.)

Deputy President :

MR. R. K. SHANMUKHAM CHETTY, M.L.A. (Upto 13th March, 1933.)

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

Panel of Chairmen :

SIR HARI SINGH GOUR, KT., M.L.A.

SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

MR. MUHAMMAD YAMIN KHAN, C.I.E., M.L.A.

Secretary :

MR. S. C. GUPTA, C.I.E., BAR.-AT-LAW.

Assistants of the Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Public Petitions :

MR. R. K. SHANMUKHAM CHETTY, M.L.A., *Chairman*. (Upto to 13th March, 1933.)

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

SIR LESLIE HUDSON, KT., M.L.A.

SIR ABDULLA-AL-MAMÜN SUHRAWARDY, KT., M.L.A.

MR. B. SITARAMARAJU, M.L.A.

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

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LEGISLATIVE ASSEMBLY.

Tuesday, 14th March, 1933.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Chairman (Sir Hari Singh Gour) in the Chair.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 474 asked by Mr. M. Maswood Ahmad on the 25th February, 1933;
- (ii) the information promised in reply to starred questions Nos. 415, 416 and 417 asked by Sardar Sant Singh on the 21st February, 1933;
- (iii) the information promised in reply to starred question No. 8 asked by Mr. Gaya Prasad Singh on the 1st February, 1933; and
- (iv) the information promised in reply to starred question No. 392 asked by Sardar Sant Singh on the 21st February, 1933.

COST OF THE MEERUT CONSPIRACY CASE.

*474. The United Provinces Government incurred an expenditure of Rs. 1,46,193 on the Meerut Conspiracy case up to the 31st January, 1933.

NON-DELIVERY OF CERTAIN BOOKS SENT FOR FROM LONDON BY STATE PRISONER, FAZAL ELAHI.

*415. State Prisoner, Fazal Elahi, was allowed to send for certain books on the understanding that the books, when received, were to be examined in accordance with the ordinary rules before they could be delivered to the State Prisoner in Jail. The books which have been withheld are considered unsuitable for the use of State Prisoners.

AREA OF THE WARD IN WHICH STATE PRISONER, FAZAL ELAHI IS KEPT.

*416. The State Prisoner is confined in a ward measuring 25' x 18' x 18½' with a verandah 8 feet wide and courtyard of 39' x 26' and walls 10 feet high. Three detenus live in the ward. They have dumb-bells and Indian clubs for exercise. The question of constructing a badminton court for the use of the detenus is under consideration.

LATE DELIVERY OF CORRESPONDENCE OF STATE PRISONERS IN THE MUZAFFARGARH SUB-JAIL.

*417. Owing to one of the officers concerned being out on tour there was some delay in forwarding some of the letters when the State Prisoners were first interned in the jail. The inconvenience was remedied, however, as soon as it was noticed and it has been arranged that letters will not, in future, pass through a touring officer. There has been no delay in censorship, once the letters have reached the Censor's office.

FUND FOR THE RELIEF OF DESTITUTE PERSONS IN DELHI.

*8.

Statement showing the expenditure on European vagrants in Delhi during the years 1931-32 and 1932-33.

	Rs.	s.	p.
1931-32	814	0	0
1932-33 up to date	536	0	0

PERSONS UNDERGOING SENTENCES CONVICTED OF OFFENCES IN CONNECTION WITH THE CIVIL DISOBEDIENCE MOVEMENT.

*382.

Statement showing the number of persons undergoing imprisonment in connection with the Civil Disobedience Movement.

Province.	Number of convicted persons undergoing imprisonment at the end of January, 1933.
Madras	1,051
Bombay	3,522
Bengal	1,704
United Provinces	2,848
Burma
Punjab	300
Bihar and Orissa	2,035
Central Provinces	214
Assam	199
North-West Frontier Province	1,660
Delhi	120
Coorg	99
Ajmer-Merwara	36
Total	13,788

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to starred questions Nos. 582 and 583 asked by Mr. S. G. Jog on the 27th February, 1933.

HEAVY TRAFFIC OF COCAINE AND CHARAS IN DELHI.

*582. (a) Conditions regarding the illicit traffic in cocaine and charas in Delhi have greatly improved during the last few years. The improvement is due *inter alia* to the vigilance exercised over the activities of illicit traffickers by the preventive staff. The existing excise staff in Delhi consists of one excise officer, one excise inspector, four sub-inspectors and one excise clerk.

(b) No such complaints have been received by the Excise Officer. A number of notorious inter-Provincial smugglers have been arrested during recent years. The following tables show the number of cases and the quantities of cocaine and *charas* seized in Delhi during the last five years:

Cocaine.

Year.	Persons arrested.	Quantity seized.
		Oz.
1927-28	84	210
1928-29	128	40
1929-30	61	52
1930-31	50	41
1931-32	25	33

Charas.

Year.	No. of persons arrested.	Quantity seized.
		Mds. Srs. Ch.
1927-28	18	4 15 0
1928-29	19	1 10 9
1929-30	12	4 37 2
1930-31	17	4 20 0
1931-32	17	7 12 0

As regards *charas*, owing to the reduction of duty from Rs. 60 to Rs. 20 per seer in the middle of 1928, the consumption of licit *charas* has gradually increased from 635 seers in 1927-28 to 3,581 seers in 1931-32 and there is very little scope for the smuggling of *charas* in Delhi now-a-days.

(c) License fees rose by Rs. 35,000 in 1931-32 when the price of *charas* rose from 0-9-0 to 0-12-0 per tola, but in 1932-33 there was a fall of Rs. 37,710. The fall was due to the fact that the profits in the previous year were not so great as were anticipated owing to the continued economic depression. There has been an increase of Rs. 7,500 in license fees in the Excise sales which have just been held.

(d) The Excise Clerk is a resident of Delhi, as are most of the other clerks working in the District office. He has been working in the Excise office since 1924. There is no reason to suspect that he has any influence with local smugglers since he has only office work to do.

(e) Yes. The Excise Clerk was transferred to another department in 1929 but was re-appointed a few months later in the interest of the public service. The officer who was then performing the duties of the Excise Officer in Delhi, made no objection to his re-appointment.

HEAVY TRAFFIC OF COCAINE AND CHARAS IN DELHI.

*583. (a) Only one Inspector and one Sub-Inspector have been in Delhi for the last five years, the other members of the excise staff having been for lesser periods. These officers are not appointed in Delhi for any fixed period but are kept as long as they are required in the interests of the public service. The special nature of excise problems in Delhi makes it undesirable that there should be frequent changes in the excise staff.

(b) The police co-operate with the excise staff in the suppression of the illicit traffic in drugs and it is not proposed to entrust this duty solely to the Police Department.

(c) Government see no reason to adopt the course suggested.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 459 asked by Khan Bahadur Haji Wajihuddin on the 23rd February, 1933;
- (ii) the information promised in reply to starred question No. 549 asked by Bhai Parma Nand on the 27th February, 1933;
- (iii) the information promised in reply to starred question No. 584 asked by Mr. S. G. Jog on the 27th February, 1933; and
- (iv) the information promised in reply to starred question No. 849 asked by Mr. Gaya Prasad Singh on the 20th February, 1933.

SELECTION OF AN OBJECTIONABLE DRAMA BY THE TEXT BOOK COMMITTEE, DELHI.

*458. (a) Yes.

(b) It is a matter of opinion.

(c) Since 1929, but the book has been replaced by another for the examination of 1935.

(d) The Text Book Committee, Delhi, does not recommend, prescribe or deal with University text books. The Honourable Member is probably referring to "the Committee of Courses and Studies in English" of the University. The names of members of this Committee, who recommended the drama, are:

1. Mr. C. B. Young.
2. Mr. R. S. Capron.
3. Mr. P. C. Ghosh.
4. Mr. A. Bhattacharya.
5. Mr. A. K. Mookerjee.

(e) No.

(f) and (g). No. Government do not consider any action necessary or possible.

(A) Government are quite sure that the Committee of Courses and Studies in English in the Delhi University had no intention of causing offence to the susceptibilities of Muslims.

LAND ON THE LEFT HAND SIDE OF THE TOWN HALL IN THE QUEEN'S GARDEN, DELHI.

*548. (a) Yes.

(b) The construction was stopped on account of the fact that Muhammadans of the locality alleged that certain ruins discovered on the site were those of a mosque which previously stood there.

(c) The site belongs to Government and will continue to do so. The Muhammadan community has only been accorded the privilege of using it as a place of worship, and for no other purpose.

(d) No. It was not necessary for the Local Government to consult the Government of India in the matter.

(e) and (f). No. The advice of the Archaeological Department was not sought as there was no evidence that the building was of historic interest. The question of its preservation under the Ancient Monuments Preservation Act does not, therefore, arise.

(g) No.

(h) No document in respect of the transfer of the site has been executed.

(i) No. The site is in a corner of the Garden in close proximity to a Muhammadan *Muhalla*.

ALLEGED CORRUPTIONS IN THE DELHI NAZUL DEPARTMENT.

*584. (a) Yes.

(b) No. Only two cases warranting an enquiry including the one mentioned in part (e) were reported and have been duly investigated. The allegations in the second case were not proved.

(c) and (d). No.

(e) Nazul dues amounting to Rs. 3,331 collected by the Nazul Superintendent were not credited to Government in time. They were, however, paid in by him when the accounts were checked by the Nazul Officer, so no money was lost to Government. The Nazul Superintendent has since resigned.

CUTTING OFF OF THE WATER SUPPLY TO LABOURERS IN NEW DELHI.

*549. The Honourable Member is presumably referring to the two settlements in Block No. 11, and Block No. 205. Originating from the eventual congregation of the various labour camps which existed in this area when New Delhi was under construction, they now include a large proportion of free squatters. None of these have any claims upon Government. Even of those who were at one time employed on Government work, smaller numbers are now wanted for that purpose owing to contraction of the demand for labour. In the interests of the sanitation of the new City these camps have to be dismantled. The need for this has always been present to the Local Administration. It has recently been reinforced by the necessity of conserving the water supply, especially during the summer, for the permanent population of the City. Government employees and those required for works were removed and housed in the old barracks which stand in the southern outskirts of the New Capital. Contractors were offered land by the Chief Commissioner for housing labour. All the coolies concerned were also told that they could take up land for occupation in Jangpura village. As no advantage was taken of the last two offers, the Local Administration had no option but to enforce evacuation by all legitimate methods open to them. The cutting off of the water supply, after due warning had to be resorted to because resistance to removal persisted in some cases even after eviction had been decreed by the Courts. Even so, public latrines and bathing places in the camps still continue to be supplied with water.

Mr. H. A. F. Metcalfe (Foreign Secretary): Sir, I lay on the table the information promised in reply to starred question No. 336 asked by Mr. S. C. Mitra on the 20th February, 1933.

IMPORT DUTY ON INDIAN MADE GOODS IN THE KASHMIR STATE.

*336. No. The allegation that the Kashmir Government have granted preference to British and Colonial manufactured goods over Indian manufactures is based on a mis-understanding arising out of certain omissions in the printed schedule to the Kashmir Customs Tariff, which have since been rectified. As a matter of fact certain classes of imports from India are in enjoyment of special preference in Jammu and Kashmir.

ELECTION OF THE PRESIDENT.

Mr. Chairman (Sir Hari Singh Gour): In accordance with the provision of sub-rule (3) of rule 5A of the Indian Legislative Rules, I have to announce to Honourable Members that ten nomination papers duly filled in have been received on behalf of Mr. R. K. Shanmukham Chetty. (Cheers.) The names of the proposers and seconders are as follows:

Sir Hari Singh Gour.

Sir Leslie Hudson.

Raja Bahadur G. Krishnamachariar.

Lala Rameshwar Prasad Bagla.

Mr. Muhammad Yamin Khan,

Raja Sir Vasudeva Rajah.

Sardar Sant Singh.

Rao Bahadur M. C. Rajah.

Mr. Muhammad Muazzam Sahib Bahadur, and

Mr. B. V. Jadhav.

Mr. C. S. Ranga Iyer.

Mr. F. E. James.

Mr. N. N. Anklesaria,

Mr. B. Das.

Kunwar Hajee Ismail Ali Khan,

U Kyaw Myint,

Mr. H. P. Mody,

Mr. N. M. Joshi,

Mr. B. N. Misra, and

Maulvi Sayyid Murtuza Saheb Bahadur.

} Proposers.

} Seconders.

As no nomination papers have been received on behalf of any other Member, I declare Mr. R. K. Shanmukham Chetty duly elected. (Applause.) All that is necessary now is to obtain the approval of His Excellency the Governor General required by sub-section (1) of section 68C of the Government of India Act, and the necessary arrangement is being made to secure that approval.

THE INDIAN FINANCE BILL—*contd.*

Mr. Chairman (Sir Hari Singh Gour): The House will now resume discussion of the motion that the Indian Finance Bill be taken into consideration.

Several Honourable Members: Mr. Chetty to speak, Mr. Chetty to speak.

Mr. Chairman (Sir Hari Singh Gour): Order, order. Dr. Ziauddin Ahmad.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, year after year we are required to give our blessings and put our seal on the distress Bill known officially as the Finance Bill. By our policy of taxation—or rather I should say want of any policy—we have unstabilised the trade. The 28th of February of each year is the eventful day for a businessman and he does not know whether he would become a pauper or a millionaire in the course of the next twelve months. We should have some principles of taxation and every person should understand them. To play about on the 28th February with these taxations and have fire-works about them, is a matter which should be stopped. I cannot formulate any policy of taxation in this short interval at my disposal; but I would like to make one or two observations.

In the first place, we should remove altogether what is called the export duty. It is a very unhealthy duty and it is really retarding the progress of our trade. We have an export duty on three main articles, that is, jute, rice and hides and skins. In the case of jute we know that on account of this duty the world is trying to find out some cheap substitute, and, if we do not take timely action, it is quite possible that this cheap substitute may kill the jute trade of India. The second thing is about rice. Here we have got a very unhealthy position. The duty is charged on export from certain ports in India and it is not charged if it is exported from some other ports. Therefore this anomaly is very objectionable and we should have some kind of uniformity, and I think we should try to remove altogether this export duty. The position of the last commodity, hides and skins, is really very pitiable. I do not want to take up this question in detail today, as I will have to discuss it at greater length when I move my formal motion about the abolition of this duty, and I make out a case that the abolition is exceedingly desirable. I think it is not altogether correct to say that this will be to the disadvantage of Madras and, to some extent, of Bombay. There may be some loss, but that loss is very trifling, compared with the enormous gain which we have for India as a whole. That is the point which I will make out when I formally move that the duty be abolished. I shall give figures and I shall expect to be replied by means of figures and not by means of sentiments alone. I have got absolutely no interest in hides and skins, but I have the interest of India. In fact some of the tanners, and, especially, our colleague, Mr. Jamal Muhammad, are my personal friends. Today I would like to confine myself to three points. One point is that since the Government decided to abolish this export duty in 1927, the position of the hides and skins trade has gone from bad to worse. Let me first take the

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quantity—I do not take the value, because it might be said that prices have gone down. Look at the quantity of the exports. In the year 1927-28, we exported 40,000 hides. In the following year, it fell to 37,000 and then to 25,000, and in 1931-32 it fell to 16,000; and, in the current year, to 8,000 tons. That is about one-fifth of the quantity which we have been exporting five years ago. Looking at it from the point of view of income, we find that the law of diminishing returns, if it had any significance at all and if it could be applied to any commodity, it could be applied to the duty on hides and skins. Looking to the year 1929-30, we budgeted for 37.74 as revenue from this export duty, whereas we actually collected 35 lakhs. In the following year, we put down 38, and the actual revenue was 24 lakhs. In 1931-32, we estimated 26, but the actual income was 20 lakhs only. In 1932-33, the actual income was 14 lakhs against the Budget estimate of 25 lakhs. This year we have estimated 14 lakhs, and I am positive that the income will not exceed eight lakhs. Therefore, my first point is that the law of diminishing returns is being applied to hides and skins and the volume of export is substantially diminishing.

Now, Sir, it may be said that this is really due to the fact that the world demand is diminishing. I have got a paper before me showing the imports into Germany, and I find from this paper that the imports into Germany of hides and skins is pretty constant. It is approximately 5½ millions. The variation is very small indeed. So, while the total imports of hides into Germany has remained constant, the hides imported from British India has diminished from nearly 84,000 to 7,000, that is, by about one-fifth. This fall is due not to the world depression, but it is certainly due to the export duty which we are levying here. I shall prove that the abolition of duty will not really be a definite loss to Madras, as some people might think. Of course, it may be a loss to one or two individuals, but we should overlook the loss to one or two individuals when we consider the interests of the country as a whole.

Coming to the import duties, these may be classified under two heads, what we call the revenue duties and protection duties. I would always emphasise the fact that the protection duty should be limited to a certain period only. You cannot levy the protection duty for an unlimited period. You cannot support the orphanage of my friend, Mr. Mody, for an unlimited period by collecting small revenues from the poor consumers. You can certainly give the Bombay people the necessary assistance for a certain period, and afterwards they must stand on their own legs. I consider seven years to be a reasonable period for giving protection, and it may, in special case, be extended under executive orders and by the Legislature up to a limit of three years. I consider 10 years as the maximum period for which protection could be allowed; and if the industry fails to stand on its own legs, then it must go in for open competition in the world market. No Government can go on taxing the poor consumers for the benefit of the millowners and mill associations.

Coming to revenue duties, I think here also we have no definite policy. We practically tax everything that we can possibly tax. I would in this case select a few articles and put the duties only on those articles and not have a heavy duty of 25, 30 or 40 per cent. without distinction. The Honourable the Finance Member will himself realise that the law of diminishing returns is already in operation in a large number of these imported articles. Let us make a distinction and examine it very carefully,

and apply the principle only to certain articles on which we can collect sufficient revenue for our purposes. It is an important fact that the income from our customs duty is approximately equal to our military expenditure, and so we can safely say that our military expenditure could be covered by our income from our customs duty, and, therefore, it is desirable that all the countries which are benefited by our army and which enjoy peace, on account of the army we maintain, should be made to pay for it, and no class of persons should be exempted from paying customs duties. It may be said that we have got a number of treaties. It is true, but we may allow them some kind of rebate. What is happening is this. These treaties are utilised for establishing a kind of rival ports through which they avoid the payment of customs duties to the Indian exchequer. I would very much urge that the Government of India ought to have a monopoly of the customs duties at every port in British India, and if the Government want to allow certain rebate to certain States, they can allow such rebate only on those articles and quantities which are actually consumed by the States, but that particular treaty should not be made an excuse for creating a kind of rival country to compete on unfair terms with commercial people in British India.

I now come to deal with the question of dumping. I have already tabled a motion, and I will discuss it in detail when I move the formal adoption of my motion, but I will mention only one or two points at this stage. The British Government have got two favourites in this country, the merchants of Bombay, represented in Mr. Mody, and the European merchants of Calcutta represented in Mr. Morgan. I do not envy their position. I wish Government had more favourites of this kind, but what I would like to emphasise is the fact that the advantages that the Government might be willing to give to their favourites ought to be extended to all people who are more unfortunately placed than these millowners and merchants, because the other people have got no direct access to the Government as they don't possess sufficiently strong organizations to have their cases heard. Therefore, whatever rules may be framed for the benefit of the favourites, Government ought to frame them in a manner so as to benefit every person in India. For this reason I suggest an automatic system of meeting the depreciated currency, and I suggest two things. These suggestions are novelties. Other countries have tried them in order to meet their own depreciated currencies. I will take Japan as an illustration. Instead of putting an extra duty on those articles in which the Bombay millowners stand to lose, we should devise a formula by which all the industries of India should be benefited. Now, the customs duty is calculated in two ways, (1) *ad valorem*, (2) on quantities. Instead of calculating the value of rupees at the current rate of exchange, let the values of commodities on which customs duty is charged *ad valorem*, be calculated on the basis of a standard exchange, and this should be fixed by the Executive Council and announced in the Government Gazette. Whenever the duties are not *ad valorem*, but on quantities, then the quantities should be measured in this way. Take up the actual quantity, multiply it by the standard rate of currency and divide it by the current rate of exchange, and customs duty should be charged on this increased quantity. Suppose the exchange of Japan has fallen to half the value. If you bring in one ton of an article, instead of calculating it as one ton, you calculate it as two tons and charge customs duty accordingly. By this method it will not be necessary by executive action to vary the rate of duties from year to year on specified articles. The advantage of the

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depreciated currency will go partially to the consumer and partially to the tradesmen and partially also to the Government which at present are losing on account of the depreciated currency to the extent of depreciation.

There is one more point I wish to make, and that is in regard to the question of rupees in the paper currency reserve. We know that before the war one rupee was worth actually one rupee; that is to say, if anybody melted a rupee, he got silver valued for one rupee. Therefore, there was no question of any depreciation . . .

An Honourable Member: No, no. We never got a rupee for a rupee.

Dr. Ziauddin Ahmad: Now, I find some Members say that they did not get exactly 16 annas for a silver rupee. Of course, there was some kind of alloy, but they got something very nearly 16 annas, but not what we get now. The price of silver has now fallen and one rupee is worth about seven annas and last year it was worth about six annas. Therefore your rupee is now practically a token coin printed on silver. My Honourable friend, Haji Wajihuddin, drew attention to this fact, and I should like to enlarge that particular point that your rupee is at present only a currency note printed not on paper, but on silver. And if you have got any currency whose true value is not the same as the true value of the metal, then it must be treated on the same footing as paper currency. As soon as the price of the rupee fell, what the Government of India ought to have done was that they ought to have established a rupee currency reserve in the same manner as they have got a paper currency reserve, and this rupee currency reserve ought to have been put down in terms of gold. Had this action been taken, the whole question would have been very much simplified, but instead of doing that, they tagged our rupee to the gold sovereign of the United Kingdom and now we have linked it to paper sterling and the stability of the rupee has been transferred to the stability of the paper sterling in England. This is not all that they have done. We have done something more. In the case of the paper currency reserve, instead of putting gold to the extent of 40 per cent., they have put gold to the extent of 13 per cent. The story does not end here. They keep half the reserve in terms of rupee which in itself is a token coin. 50 per cent. of our paper currency reserve is in the shape of rupees which in themselves require a kind of rupee standard reserve. Therefore, the whole thing is practically arguing in a circle, and I think the position is very illogical—that is, to put down one depreciated currency as a reserve for another depreciated currency.

Sir, I may be permitted to state a few words about our loans. This is a very important matter. We are putting 42.35 crores of rupees every year under the interest charges. I take this opportunity to impress upon the Finance Member that the interest rates ought to be diminished, and I support it on these grounds. After the War we notice that the price level was very high. It rose to something about 200 and now the price level has fallen to less than half. Rs. 6 in 1923-24 had the same purchasing value as three rupees today. Therefore, if you paid Rs. 6 about ten years ago, it is equivalent to Rs. 3 being paid at the present moment. That is on account of the fall in price index. It is very desirable that we should introduce the same kind of legislation as the United Kingdom has done, that

is, we should reduce our interest rates from $6\frac{1}{2}$, $5\frac{1}{2}$ and 5 to 4. I would not go to the extent of 3 as they did in England, but I would certainly recommend that we should go to the rate of 4. We have been trying to imitate British legislation in matters which are not suitable to us, and why should we not follow it when it is advantageous to do so? As regards sterling loans, I would recommend that we ought to pool with the British Government. The majority of investors in the sterling loans are Indians, they are not non-Indians and if we could negotiate with the British Government and pool together our loan for the common benefit of stabilising our common currency, it is possible that we may gain our desired object. I have got no definite suggestions to offer, but I would certainly like the Finance Member to consider very carefully whether he cannot possibly reduce the enormous amount of 42 crores of rupees in interest charges to a reasonable figure. If our interest charges could be reduced, then most of our troubles which we have got in the case of the Railways, most of the troubles which we have got in connection with taxation, most of the troubles which we have got in the case of retrenchments, and most of the things which we have got in the case of cuts in salaries—will all disappear and they can all be solved by one action, and that is the reduction in our debt charges.

Mr. Chairman (Sir Hari Singh Gour): May I ask the Honourable Member how long he is likely to take?

Dr. Ziauddin Ahmad: About half an hour.

Mr. Chairman (Sir Hari Singh Gour): Very well, the Honourable Member may go on.

Dr. Ziauddin Ahmad: I would like to take this opportunity to draw attention to one or two other points. I gave notice of cuts in connection with the demands, but unfortunately they could not be discussed. When we were discussing the Foreign and Political Department, I wanted to make one suggestion. I am sorry that the Foreign Secretary is not here, but probably he will have an occasion to read what I have to say. I very strongly advocate some kind of revision of the policy in the North-West Frontier. I do not advocate so much for political reasons or on the ground of foreign policies, as I advocate it only as a piece of retrenchment. We have got certain tribesmen living between the borders of India and Afghanistan whose area is more than the double area of the five settled districts, whose population is more than the population of the five settled districts, and it is desirable that we should have some kind of definite policy. I do not want to discuss the question of what is called the "forward policy" or the "backward policy" or the "stationary policy". In my opinion, the discussion on these policies is outside the discussion of practical politics. When Russia was a great power, those policies might have been real, but in these days they are only questions of historical interest and we must come to the practical side of it. The first question that I ask is whether these tribal areas do, or do not form part of British India. If the answer is that they do not form part of British India, then I have nothing more to say. But if you say that they do form part of British

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India, then I have a certain suggestion to offer. I say that they do form part of British India, because our customs line is not on this side of the tribal area, but on the other side and all the people in the tribal areas pay customs duties on all articles coming from the North-West Frontier. We have our own roads in the tribal areas; we have Railways in the tribal areas; we have got our own administration through a Political Resident. Therefore, it is useless for us to say that they do not form part of British India. In olden days, they used to be called independent tribes, but the Foreign Office has changed the name. They are not called independent areas, but tribal areas. From all these considerations, it is rather difficult to believe that they do not form part of British India. They do form part of British India and I strongly advocate that we should frankly admit it and devise some method of government for these tracts, and bring them in our all-India Federation.

Now, our method of spending enormous sums of money in constabulary, in maintaining a large army and various other things may disappear or at least may be substantially reduced. I think we ought not to be spending so much money as we are doing now. If we once announce that they form part of British India, all our fears will disappear, and there will be no use in maintaining the constabulary as we are now doing. People may say that they are persons of democratic temper and they would not come under the rule of any person. It is quite possible that we may keep them in the shape of democracy. We had got an example of this kind in Germany. There was monarchy and Kaiserdom. and even then Germany had democracy under monarchy, for example Hamburg which always has a democratic form of Government. So it is quite possible to have a democratic Government and they may still form part of British India; and once this is decided, they can come in in the Federal Assembly, and the large sum of money which we are spending now need not be spent. We know very well that the fight with Russia is more a diplomatic fight than a military fight. We know the position of Afghanistan and, once this question is solved, it will not be necessary for us to maintain a large army, as this part of the country will be part of British India. This is a question which I would urge on the Foreign Secretary to consider carefully. We should decide this question one way or the other and frame our policy accordingly.

As there are many other speakers wanting to speak, I would refer only to one or two things. I can never allow a discussion on the Finance Bill to pass away without making some reference to education. First I should like to refer to the question of the advisory board. The other day, the Secretary for Education admitted on the floor of the House that the Government of India had decided that this board should come into existence. He said that all the Provincial Governments had agreed that it should come into existence, but the only difficulty was that they could not afford Rs. 40,000 needed to bring it into existence. If these are the facts, then, I say, these are inconceivable facts. The other day, the Finance Member himself admitted that he, as currency authority, has secured about 98 crores of rupees from the export of gold, as a result of the savings due to favourable balance of trade since England went off the gold standard. Is it not possible, out of these 98 crores, for the Finance Member to give this 40,000 for a thing which has been recommended by a very important Committee?

May I ask whether the Secretary for Education has prepared a scheme and put it before the Finance Committee and, if so, may I ask the Finance Department when will it be laid before the Finance Committee? When they want to spend money on unproductive projects, they find plenty of money. They can create posts of Secretaries and Deputy Secretaries. Even in the Education Department, they are going to have one more Secretary or Deputy Secretary. It is rather a drawback that a scheme, which has got the unanimous support of the Provincial Governments, should be simply shelved on financial grounds.

The next thing I want to touch is the question of unemployment of middle classes and its root cause is to be found in schools and colleges. The causes are not to be found in the policies of Government administration, nor industrial and financial magnets. The object of our institutions is simply to turn out clerks for service. If the system of education and curriculum of studies is revised in the same manner as European countries have done in recent years, I am sure, this question of unemployment will disappear. Unless the Education Department takes it up, it is impossible for any body of men or any other Department to cope with the situation. Young men should be taught to earn their living with their own hands. Just now their idea is to sit on a desk with a pen in their hand and a peon waiting to bring them water. This idea must be removed from their heads and they must be taught to work with their own hands. Unless we change the whole outlook of the educational scheme, it is impossible to cope successfully with this question of unemployment. I shall probably have more occasion to discuss the details of this, if my Resolution on this subject is ballotted, but I would like to emphasize with all the force at my command that unless the Education Department of the Government of India comes to the rescue of the people and change the entire educational outlook the question of this unemployment cannot be solved, and, with the abnormal increase of graduates and matriculates, the position will go from bad to worse. We have copies in our own system of education everything which was bad in the system of education in Britain and ignored very carefully all those institutions which are really the best in England and of which England is justly proud. I refer to the public schools, and polytechnics. How many public schools have the Education Department established? They always say that the system of education in a public school is a good system of education. If it is good for the United Kingdom, why should it not be good for India? We did talk of one public school here in connection with a scheme promoted by the late Mr. S. R. Das, but the whole thing has ended in talk only. They prepared an ideal scheme on the lines of the Harrow School, but the scheme has not been pushed through for want of funds and lack of foresight. It is not the money that is necessary for this purpose so much as the tradition, the desire and the spirit of the men. I am perfectly certain that with the little money that is at our disposal, it is possible to build up the system of Public Schools. The second institution for which I plead is the polytechnics of which we have never heard anything in India. It has been in existence in England for the last two centuries and they have recently been very much strengthened. These institutions are the places which equip men to earn a living and make them useful as earning members of society. We have not got that type of institution in India.

[Dr. Ziauddin Ahmad.]

Then my friend suggests that I should talk about the ratio. It is at present outside practical politics on account of the export of gold. As soon as the export of gold is stopped and England may resume gold standard, the ratio question will come in.

Now, coming to another aspect of education, I should like to draw attention to the question of primary education. I said on the floor of the House last year that if the Government of India could give two crores of rupees to the provinces, then compulsory primary education could be enforced immediately among boys. Is it too much for me, then, to request the Honourable the Finance Member, with all submission and humility, that out of his Rs. 93 crores which he has acquired, according to his own statement, as currency authority.

The Honourable Sir George Schuster (Finance Member): Sir, I really cannot allow the Honourable Member to go on talking about this Rs. 93 crores which I am supposed to have pocketed. May I explain the position to the House? I explained to the House in dealing with the question of the export of gold, that out of the proceeds of the export of gold the Government had been able to acquire a very substantial sum of sterling. I cannot at the moment recollect whether the figure of 93 crores is correct, but I accept it from my Honourable friend that the amount of sterling purchased was equivalent to 93 crores of rupees. In order to acquire sterling remittance to that extent, the Government had to pay out Rs. 93 crores to the private individuals in India who had possession of the sterling balances. Therefore, it is not a case of my having acquired 93 crores: it is a case of the public of India having acquired Rs. 93 crores from the Government against the sterling balances which they transferred to the Government of India.

Dr. Ziauddin Ahmad: Sir, when I stated that he had acquired these 93 crores, I did not mean that he had them in his pocket. It is a very big amount to be pocketed, nor did I mean to say that he had got the balance under what is called the Central Revenue Account, so that he can get rid of taxation to the equivalent of these 93 crores. This is not certainly what I meant. I said that out of export of gold in some shape or other, 93 crores came within the purview—if I might use a very wide word—of the Finance Department. I think it is a very mild expression (Laughter). These things, however, do not affect my argument. I am really certain in my mind that if the Honourable the Finance Member wants to make up his mind that this really is expenditure which ought to be incurred, he will find ways and means of doing it. Now, if this would involve additional taxation for furthering the activities of the nation-building Departments, then I am quite sure the people will always be willing to accept such increase in taxation,—that is, if the taxation is levied specifically in order to promote the sphere of usefulness of the nation-building Departments, and if it is not levied in order to meet the ordinary expenditure alone, and if it is frittered away only for army expenditure purposes, in that case though the Finance Bill may be carried by a majority of the votes or by certification, nevertheless the people of India would not like such increased taxation for such purposes.

ELECTION OF THE PRESIDENT.

Mr. Chairman (Sir Hari Singh Gour): Order, order. I have received the following Message from His Excellency the Viceroy and Governor General:

(The Assembly received the Message standing.)

"In pursuance of the provisions of sub-section (1) of section 63C of the Government of India Act, I, Freeman, Earl of Willingdon, hereby signify that I approve the election by the Legislative Assembly of Mr. R. K. Shanmukham Chetty as President of the said Assembly.

(Sd.) WILLINGDON,

Viceroy and Governor General.

NEW DELHI;

The 14th March, 1933."

I would now invite Mr. R. K. Shanmukham Chetty to occupy the Chair. (Loud Applause.)

[Mr. Chairman (Sir Hari Singh Gour) then vacated the Chair, which was occupied by the Honourable Mr. R. K. Shanmukham Chetty amidst Applause.]

The Honourable Sir Brojendra Mitter (Leader of the House): Mr. President, on behalf of Government and on my own behalf, I congratulate you most warmly on your election (Loud Applause.) Those who have followed your public career have confidently expected that it will lead you to eminence. That the unanimous suffrage of this House has elevated you to that Chair is convincing testimony of the correctness of those expectations. This high honour, Sir, has come to you early in life. But I am sure I express a general conviction when I say that it is eminently merited. (Loud Applause.) You have established your claim to mastery in debate which is the key to parliamentary success. During the weeks, Sir, that you have presided over our deliberations since the beginning of this Session, you have shown that, with lucid intellect and independence of judgment, you combine impartiality and firmness of character (Loud Applause.) We are sure, Sir, that these qualities will enable you to maintain the high traditions which you inherit from your predecessors; that the dignity and the privileges of this House will be safe in your hands. We wish you every success, Sir, in your new office which, if I may be permitted to express a hope, will be only the first of many as exalted. Sir, I assure you of our full support in the discharge of your onerous and responsible duties. (Loud Applause.)

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, on behalf of myself and my Party I heartily join in the felicitations which have fallen from the Honourable the Leader of the House and which have been conveyed to you on your election to the high dignity of the office of the President of the Legislative Assembly. Sir, I personally would be a loser, because I know what a tower of strength you have been to us all (Loud Applause) on these Benches, and how on occasions like this when financial questions are under discussion, every face used to turn to you for inspiration and guidance (Hear, hear) upon the thorny questions that used to come up for discussion during these debates. But what has been

[Sir Hari Singh Gour.]

the loss of the Nationalist Party is the gain of the House (Hear, hear), and for which we congratulate the House upon its choice of you as its President. It is unnecessary for me to assure you, Mr. President, that you will receive both from me and my Party and from the House generally unstinted and abundant support. (Hear, hear.) It is equally unnecessary for me to say that as the custodian of the rights and privileges of the House it is needless that any reminder should go to you, because you have been so closely acquainted with the rights and privileges of the Members in your office as Deputy President that we feel perfectly safe to entrust those rights and privileges into your safe keeping. Mr. President, I once more congratulate you upon your exaltation to the high dignity of the President of the Legislative Assembly. (Loud Applause.)

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I associate the Independent Party and myself with all that has fallen from the Leader of the House and Sir Hari Singh Gour. Sir, there is no one in this House who, from experience of your work in this Assembly, has not been assured that in your hands the dignity of the Chair and the rights and privileges of this House will be perfectly safe. We have seen you, Sir, as a Member of this Assembly, and we have always appreciated the great ability with which you have dealt with the many important and difficult questions that have been brought up. Your elevation to the Chair will be a loss to us in that respect, but you have been called to a high and important office, and we feel certain that you will conduct yourself in that office with that ability and that dignity which is expected from the occupant of the Chair. Sir, we believe that you will conform to the traditions of the great office which you are holding, and I wish to assure you on behalf of my party,—and I may take it on behalf of every Member of this House,—that you will have our fullest support. (Loud Applause.)

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, as one of the ex-Speakers of this Assembly (Cheers), I wish to join in the chorus of congratulations on your elevation to the exalted office of the President of this Assembly. Sir, you will remember that you and I both joined this Assembly in 1924 and for a time we were both members of the same party, and, therefore, I had greater opportunities, from the very beginning, to come in contact with you. I remember, very well, that from the very beginning you made a mark in that, most remarkable and memorable, Assembly as a brilliant young man, with a sound knowledge and intelligent grasp of the problems that came before the House. Since then, you have not only established your fame, but enhanced it by your firmness and independence. Your speeches were always marked by force of logic and strength of arguments, and communalism never entered your politics. (Applause.) These are the qualifications which go to make a successful President of an Assembly like this. That you command the confidence of the House is fully proved by the fact that your selection was hailed from all sides of the House and resulted in your unanimous election. I am sure that you will not only maintain the traditions of your illustrious predecessors, but will succeed in enhancing the reputation of the Chair. I hope that the dignity and honour of the Chair will be safe in your hands, and you will amply justify the confidence which the House has reposed in you. I again congratulate you and feel a personal gratification that one of my colleagues, with whom I had the pleasure of co-operating from the very beginning, has been raised to this office. (Cheers.)

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, on my own behalf and on behalf of my Party, I congratulate you on your unopposed election to the Chair. You, Sir, showed great ability on the floor of this House and everybody admired you for your speeches and your particular characteristics. But when you worked for a few days as Deputy President, in the absence of the President, you made your mark and everybody felt that you showed greater ability in the Chair than was expected in the absence of your illustrious predecessor. You enjoy the full confidence of the whole House and I assure you of the fullest co-operation from my Party. With these words, I associate myself with all that has fallen from the different speakers and congratulate you again. (Loud Applause.)

Sir Leslie Hudson (Bombay: European): Sir, on behalf of the European Party, I most heartily congratulate you on your election to the Presidential Chair. Your conduct of affairs during the past few weeks has left us with the confidence that you will occupy that Chair with that dignity with which it has been associated for so many years. We have confidence too that you will efficiently conduct the business of this House to the end that there shall be no waste of time, but without depriving Members of their reasonable rights of discussion. Sir, I echo what the previous speakers have said and assure you that you will have the helpful co-operation of my Party. (Applause.)

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, as one who belongs to the youngest and, therefore, the strongest Party in this House, I associate myself and my Party with all that has fallen from the previous speakers. To me it is a very easy thing. If I had started at the beginning, probably I should have had to speak a great deal. But now everything that can be said has been said, I do not want to embarrass you by talking to your face of all the characteristics of head and heart that during the short time I have been in this House I and my Party have learnt to appreciate in you. Sir, over and above every observation that my friends have made, there is one thing that I take peculiar pride in and that is that you are the first Madrassi to be elected to the Chair. (Applause and Laughter.) It may look parochial, it may look provincial; all the same, my pride is very great, because although this reformed Assembly has been in existence for 12 years, no one from Madras had a chance, and yet day in and day out the Madras people are supposed to have occupied every position of advantage in the Government of India. (Laughter.) But, Sir, that is not all. Every President had to contest his seat. To you, Sir, fell the unique honour of being elected to that distinguished Chair without absolutely any opposition. (Loud Applause.) Sir, to these qualifications I think I need not add more except one little thing that I would remind you of. After the first few days of my acquaintance with you, I expressed to you my own private and individual opinion, such as it is, about you; and I am very glad that I have lived and continued to be in this House to see the consummation of what I then said would come to pass.

Sir, you know that in spite of all the obloquies that have been heaped upon my head, I do not feel myself ashamed to be called a Brahmin and no Brahmin does anything without a *dakshina* and the *dakshina*, Sir, that I ask at your hands is to be tender to young

[Raja Bahadur G. Krishnamachariar.]

and new Members like myself who do not understand the procedure. But, so far as this House is concerned, we want to do something, but we are so much afraid between the rules that govern the debate and the august position of the President who has got to be worshipped from a distance as God Almighty; between these two you have absolutely no idea how much we are afraid before we stand on our legs and begin to speak. Sir, be tender to us. For the rest, I have absolutely no doubt that you will uphold the dignity of the Chair, which is, next to His Excellency the Viceroy, the grandest position that one can occupy. To me it is a peculiar pleasure that you are one of our own men from Madras. Sir, I congratulate you and assure you of our strong support. (Applause.)

Major Nawab Ahmad Nawaz Khan (Nominated Non-Official): Sir, as a Member of this Honourable House, I heartily congratulate you for the honourable position that you have got now today. I associate myself with all those Honourable Members who preceded me in all the good words about your capabilities. As your personal friend, I respectfully draw your attention to two important points because your future dignity and success will depend upon them. You know that you are younger than your two distinguished predecessors and in the conduct of the business of the House, if you will always prove that you have an old head on young shoulders, it will be of very great use to you and will add grace to all the other qualifications that you have. Secondly, in the high position that you hold now, I hope you will not have any regard for the party politics and that in all future questions you will observe strict neutrality and impartiality with a view to maintaining the dignity of the Chair. I am sure that the Government have placed confidence in you knowing that you will prove yourself quite worthy of it and that you have all those qualities which are so very necessary to maintain your dignity and the dignity of this House.

Dr. R. D. Dalal (Nominated Non-Official): Sir, I rise with keen delight in the opportunity which it gives me to pay a tribute to you who have won the admiration and have earned the confidence of every section of this Honourable House, and I can assure you, with all the sincerity at my command, that it affords me very great pleasure indeed to join in the chorus of this universal congratulation. Sir, you have been unanimously elected President of this Assembly; and I should like to express a sincere hope that the best of good health and strength may be given to you to enjoy this unique honour and to preside over the deliberations of this Assembly. I have not the slightest doubt in my mind that you will perform the duties of your exalted office so admirably and that you will exercise your powers with such impartiality and fairness, and that you will acquit yourself so honourably that you will satisfy both officials and non-officials, the elected representatives of the people and the nominated representatives of the Assembly, and the members of every section and of every party. Mr. President, I have known you for the last four years; and what I have observed in you is that you possess those important members—an ear that sometimes fails to hear and an eye that cannot see what is better left unseen; and what has forcibly struck me is that as acting President you have done your best to get into any one debate as many speakers as possible, and that you have a knack of getting through

the business of the House with the utmost celerity and despatch. Sir, I am sure that you will fill this exalted office with the same ability and distinction that you have displayed in such ample measure as Deputy President, Acting President, and last, but not the least, as a member of the Indian Delegation at Ottawa. Sir, I pledge myself to you to maintain your authority, and to give you my full support, and to promise you my hearty co-operation. My remarks have been very brief, but I hope you will take it that the depth of the sentiments behind these remarks is not to be measured or gauged by the brevity. In conclusion I must fall back upon the simplest expressions and will say that I congratulate you most heartily on this unique honour, that I sincerely wish you a brilliant career, that from the bottom of my heart I wish you every success, that I sadly miss the President who has gone and that I gladly welcome the President who has come. (Applause.)

Maulvi Sayyid Murtuza Sahab Bahadur (South Madras: Muhammadan): Sir, although the Leader of my Party has congratulated you not only on his behalf, but also on behalf of our Party as a whole, still as one of the oldest Members of this Assembly and as a representative of the Muslim community of the Presidency you have come from, I wish to associate myself in congratulating you on your elevation to this high office. Sir, the very fact that you have been returned uncontested goes to prove that you command much popularity and confidence of the whole House. In short, I will simply give you the blessing contained in the Persian couplet of a very great sage:

*"In marâtib ki dîda-i-juzwêst,
Kâr-i Kullî hunûz dar qadar ast."*

"The distinction you are now called upon to hold is only the forerunner of so many other distinctions which are in store for you." (Applause.) May God bless you with long life to enjoy all these honours.

Rao Bahadur M. O. Rajah (Nominated Non-Official): Sir, my revered leader, Raja Bahadur Krishnamachariar, has already congratulated you on behalf of the Party of which I am a member. I now rise, on behalf of the community I have the honour to represent in this House, to offer you our hearty congratulations on the high distinction conferred on you by this House. (Applause.) Sir, it gives me very great pleasure to see you installed in the Chair, as you are not only a Madrassi, but you also belong to the same political party in Madras of which I am a member. Your election is a very popular election, inasmuch as you have been supported by almost all the parties in this House. (*Cries of "All".*) The reason why I say "almost all" is that among the members that have nominated you I have not seen any from the Government Group. (Laughter.) I wish you all success and prosperity and, in doing so, I also hope and trust that you will be the President of the future Federal Assembly which will succeed this Assembly sooner or later. (Applause.)

Mr. N. R. Gunjál (Bombay Central Division: Non-Muhammadan Rural): *Sir, you been elected unopposed as the President of this Assembly and I intend to congratulate you in my mother-tongue. After the reforms of 1919, the elected Presidents were of mature age and experience, but Sir, you are young in age and there is no doubt that a young Member of the Assembly like myself would be glad over the election of such a young

*Translation of the original speech delivered in the vernacular.

[Mr. N. R. Gunjal.]

President. At the same time, there will be nothing wrong, I think, if I congratulate the *Ex-President*, Mr. V. J. Patel and the out-going President, Sir Ibrahim Rahimtoola. I, therefore, express my hearty congratulations to them also.

There is a great criticism in some of the papers that the elected President belongs to the Government side. Though there is such a rumour, he belongs to the Nationalist Party. Now, he cannot remain a member of any Party and cannot take part in any kind of communal discussions; for, the President of the Legislative Assembly is supposed to be a well-wisher of all. If the newspaper criticism is taken for granted, still the elected President will have to take the public opinion into confidence more than the Government nominees.

In the near future, new Reforms will take place and the White Paper will soon be published. I expect the elected President, with a judicial mind, will conduct the proceedings of this House when the discussion on the above subject takes place.

Now, the days have come for translating the words of the late Mr. Tilak into action and the responsibility to act according to his advice lies on the shoulders of the young generation and the guidance of wise men is necessary.

Young men in India like me should be proud in having a young President in you.

During your tenure, Sir, I hope the Hindi language will be made the medium of the Assembly as the English is today. If Hindi gets prominence in the Assembly, the Members like myself will be much grateful to you.

Before this, the Presidentship of this House was captured by the Members from the Bombay Presidency, but now the Presidentship has gone to the Madras Presidency unopposed.

By the grace of God, may his tenure of Presidentship be successful and beneficial to India.

I, again, Sir, on behalf of Maharashtra, congratulate you.

Sardar Sant Singh (West Punjab: Sikh): Sir, I heartily join my Honourable friends in this House in offering my most sincere congratulations to you on your elevation to this eminent position. I am personally gratified on this unique choice of the House, not only because an eminent politician amongst us has been honoured, but also because when I first entered this House I was fortunate enough to form your acquaintance at the very beginning. Throughout this period I have noticed your independence of spirit and your towering personality and your intellectual genius which has always struck a sort of awe in me. Sir, there is a further gratification in this choice of the House, because this time the choice has fallen to a Member who was an erstwhile Member of the principal Opposition in the House. This aspect of the election has its own importance. It will demonstrate to the world that if you were capable of offering a stout resistance to the Treasury Benches when you were occupying a seat on the Opposition side, you are able to rise to the occasion of giving impartial decisions when called upon to keep the scales even between conflicting interests in this House after you discarded the skin. My friends

have said almost all that I could possibly say; but I take this opportunity of offering you co-operation on behalf of myself and offering my congratulations to you on my own behalf as well as on behalf of the Sikh community which I have the honour to represent here and the numbers of which are so limited in this House. (Applause.)

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Gentlemen, I must express my grateful thanks to my colleagues for the high honour they have conferred upon me in electing me to the Chair and to the leaders of various sections of the House for the welcome they have accorded to me in my new position. As one who has sat in this House for well-nigh ten years I realise the magnitude of the honour. If I am fully conscious of the exalted position which the office of your President confers upon its holder, I am even more fully conscious of the tremendous responsibilities which that office carries with it. Fortunately for the holder of this office, the burden of his great responsibility is lightened by reason of the fact that he has a splendid guidance for his conduct not merely in the rules and traditions of this House, but in the practice and the written and unwritten law of the Mother of Parliaments. In the Anglo-Saxon world which has furnished to us the model of Parliamentary institutions, the office of the Speaker has become a synonym for dignity and impartiality. (Applause.) The undoubted authority of this great office is securely based upon the absolute and unvarying impartiality of the Speaker which is the main feature of his office and the law of its life. That impartiality which is the guarantee of the dignity which the office carries is always secured by the holder of the office severing himself from all party ties. In accordance with this well-established practice, I cease to belong to any political party from this day.

Though this House is still an infant when compared to some of the great parliaments of the world, we have already succeeded in building up healthy traditions round the Chair. The maintenance and continuance of those traditions are matters of vital importance to all sections of the House. Any violation of these traditions will not be an affront to the person who occupies the Chair for the time being, but an infringement of the privilege and dignity of the whole House. (Hear, hear.) For the source of the President's position is the authority of the House itself. It shall be my constant endeavour not merely to preserve that authority and dignity which belong to this House, but also to resist any encroachment on the privileges of the House as a whole and of its individual Members. (Applause.)

Sitting in this Chair and watching the proceedings of the House from day to day, I may sometimes cast a longing lingering look on the benches to my left and wish that I had stood on the floor of the House to take my part in its battles. Whenever such regret haunts my mind, I shall take consolation in the fact that this Chair furnishes opportunities of contributing equally valuable work in the building up of parliamentary institutions. (Hear, hear.) We are on the eve of great constitutional changes and we are looking forward to the establishment in the very near future of a system of responsible government. The practice and procedure of this House are as important parts of the constitutional structure as the powers that may be conferred on the elected representatives. One of the greatest Speakers of the House of Commons, Speaker Onslow, was the first holder of that Office to recognise the order of business of the House of

[Mr. President.] .

Commons as a separate and important problem of constitutional law and politics. He expressed his ideas as follows. He said:

"It was a maxim he had often heard, when he was a young man, from old and experienced members, that nothing tended more to throw power into the hands of the administration and those who acted with the majority of the House of Commons than a neglect of or a departure from those rules—that the forms of proceeding that is instituted by our ancestors operated as a check and controlled the actions of the ministers and that they were in many instances a shelter and protection to the minority against the attempts of power."

These words express in significant language the importance of evolving correct rules and procedure in this House and the maintenance unimpaired of these rules. It shall be my constant endeavour to prevent any violation of the practice and procedure of this House and I shall appeal to the co-operation of all sections of the House in this task. I have no doubt that there is a wide recognition that the common interests of all sections of the House, however divided in party opinion, in maintaining the tradition and level of parliamentary life is an indispensable condition of the working of parliamentary institutions. (Loud Applause.)

ELECTION OF THE DEPUTY PRESIDENT.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): My election as President has caused a vacancy in the office of the Deputy President. In pursuance of Order 5 of the Standing Orders of the Legislative Assembly, I direct that an election to the office of Deputy President shall be held on Tuesday, the 21st March, 1933.

Each Member wishing to propose another Member as a candidate for election will, as required by Standing Order 5, ascertain that the candidate is willing to serve, if elected, and will hand to me or to the Secretary not later than 12 Noon on Saturday, the 18th March, a notice showing the name of the candidate signed by the proposing Member himself and by some other Member as seconder.

As soon as possible after the notices have been handed in, I propose to read out the names of the candidates, together with their proposers and seconders and if there is more than one candidate, to take the ballot on Tuesday, the 21st day of March, 1933.

The Secretary will issue a circular informing Honourable Members of the method by which the ballot shall be held.

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. The House will now resume consideration of the Indian Finance Bill.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, in connection with the Finance Bill, it is the custom to ventilate and discuss all our grievances, for which the Honourable the Finance Member is not actually responsible. This is an occasion when we are allowed to discuss all our grievances relating to political, financial, industrial and all

other matters. I do not think it will be proper for me to discuss at present all those political problems that await solution just at a time when the White Paper is going to be issued, but I think I may briefly refer to certain matters connected with the future constitution of this country. Sir, I shall first refer to the Premier's award, and if I refer to it, it is merely because I want to point out that the Poona Pact has hurled a bomb shell upon Bengal and Bengalis. Readers of newspapers are aware how the unanimous opinion of the province has declared itself against the Poona Pact in which no representative of the province was present.

Mr. B. Das (Orissa Division: Non-Muhammadan): Do you mean to say that no Bengali was asked to be present?

Mr. Amar Nath Dutt: Yes, I do say so. We have said that in our telegrams to the Prime Minister. We have reiterated it everywhere and I do again assert it here. I shall not take up the time of the House by discussing the Poona Pact, but I must register my emphatic protest against the doings of a particular section, whether they be the majority or the minority, their attempt to rule those from whom they differ. If the future constitution, which we are going to have, will contain safeguards, and I am told that it will contain many safeguards, I think the first safeguard that is necessary in the interests of the people, in the interests of the welfare of all and every one of us living in this country, should be the safeguarding of the interests of those who are less clamorous. Unfortunately in these days of kaleidoscopic changes we have been witnessing a change of political views, an admixture of political, social and religious matters in matters of legislation which, in the opinion of the thinking section of the community, is nothing but sailing with the tide and who feel that much less thought is bestowed upon vital questions which concern the well-being of the nation. As regards our objection to the Poona Pact, I think it is enough that I say that we do not accept it, and so far as the Premier's Award has changed the representation in Bengal in view of the Poona Pact, that is not acceptable to the people of Bengal, and, therefore, it ought to be rescinded.

Coming now to the subjects that are generally discussed at the time of the discussion of the Finance Bill, any one who has any knowledge of the economic condition of the poor people at the present moment will agree with me that the condition of the people has not become any better within the last year and a half when the additional taxes were imposed in spite of their distressed condition. That being so, I beg to submit with all humility—I am no expert in finance, I do not know how things could be done this way or that way, but I beg to submit that the first duty of the Finance Member should have been to give some relief to the tax-payers in the shape of a reduction of duties on such primary necessities of life as salt, kerosene and so on, also a reduction in postage rates, and last but not least, a reduction in the very heavy income-tax rates. Now that the Finance Bill is before us and we have tabled amendments, I think the proper time to deal with all these points and to press them is when these amendments come up before us. I do not mean to say that the Government should go bankrupt and its credit should be lowered in the eyes of the world, but at the same time I submit that we should find ways and means of reducing to the chagrin of some Members sitting opposite,—of reducing the high salaries which they draw. I say this poor country is unable to bear the burden of the high salaries which the officers of the

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Government do get at the present time. I do say that the work of these officers is not commensurate with the salaries they get. I do not think that any other country has got such highly paid administrative officers,—and such highly paid salaries in one of the poorest countries of the world is a thing which should be avoided in the interests of the very existence of the people unless you view with unconcern their starvation and do not mind their being wiped out of existence. As I have already said, as each amendment comes before us, we will have to press our points of view in order to lighten the burden of taxation. But I once more protest, and register my emphatic protest, on behalf of myself and the people of Bengal, against the Poona Pact and the Premier's Award accepting the Poona Pact at least as far as it applies to Bengal. With these words, I submit that I cannot accept the Bill for consideration and, if it were possible for us to reject it, we would do so unless the Finance Bill is so framed as it ought to be.

Pandit Satyendra Nath Sen (Presidency Division: Non-Muhammadan Rural): Sir, the present Finance Bill is a disappointing Bill. When the emergency taxes were imposed the year before last, they were imposed for a period of eighteen months, but the same taxes have been repeated this year. Our hopes that they would be removed have not been fulfilled and it is for this reason that I characterise it as a disappointing Bill. True, no fresh taxes have been imposed this year of much importance, but I think no thanks are due to the Finance Member because, as a matter of fact, there was very little scope for further taxation. The high rates of income-tax and the high rates of postage should have been reduced, but they have not been reduced. People are groaning under those high rates and some relief ought to have been given to the poor tax-payer.

Sir, regarding the re-imposition of the stamp duty, I feel it necessary to make one observation. While speaking on an amendment for reducing the postal rates the year before last, I made a suggestion that the stamp-duty on cheques might be re-imposed as a last resort and the income from that might be utilised to fill up the gap in the income of the Postal Department. I will read out to you the exact words which I said on the last occasion:

"I would venture to make one more constructive suggestion. If revenue considerations are to be decisive in this matter, may I suggest that the Government should, as a last resort, revive the practice of stamping bank cheques, as was the case some years ago. That will affect not the poorer people, but only the rich men. I must not be misunderstood as inviting such a taxation. My point is that if you insist on having such taxation, I may be prepared to have that as a choice between two evils."

I am sorry to say that the suggestion has not been taken up as a whole, but by half. It is not always the case that something is better than nothing. In the present case his "something" has been a greater evil. I know the Government are handicapped in the matter of revenue. In spite of their earnest desire, they cannot give us any relief and that is solely due to the fact that they cannot see their way to reduce the army expenditure. If that expenditure could be reduced, I think that would serve as the panacea for all economic troubles. If that expenditure cannot be reduced from prudential considerations, I suggest that England must contribute to that expenditure to a considerable degree. Instead of that we have been saddled with a legacy of war debts at a high rate of interest. I think every effort should be made to reduce the rate of interest. Whatever may the financial position be, sound or unsound, the poor people have

nothing to do with these technicalities, namely, solvency or insolvency, deficit or surplus, repletion or depletion. The only thing that they want is food and clothing. You must provide for food and clothing for the poor people. In this connection I would like to dwell on some of our grievances which may be divided into three classes—(1) grievances that have not yet been redressed, (2) grievances for which the Government are responsible, and (3) the grievances which are due to the apathy of Government, that is, which are indirectly connived at by the Government.

Under the first head, I mention the numerous cases of abduction and rape in the country. During the last Simla Session, I moved a Resolution recommending a deterrent punishment in cases of abduction and rape. It was opposed by the Government on the ground that that was a barbarous punishment. I now see that the Government of Bombay are going to introduce the same punishment for communal riots. I am the last person to speak in support of riots, but I am constrained to say that there may be circumstances in which a man may be compelled to take part in riots—for example, for self defence; but I submit that there cannot be any redeeming feature in cases of abduction and rape.

The second grievance is in connection with the question of unemployment. That problem is becoming keener and keener, but the Government remain callous as before. I think new fields of employment should be explored which will be conducive to the economic uplift of the country and also will give some relief to the unemployed.

My third point is about the repression which is going on in the country. On account of the slackening of the movement there has been a less number of cases than in previous years, but repression is going on in full swing. I will only refer to a few facts. We have seen that it is not yet possible for an innocent man even to pass by safe and secure. It was only the other day that two innocent villagers were shot down by the police at Chittagong. We were told by the Home Member yesterday that that was an extraordinary case and he was really sorry for that, but I may point out there are cases of every day occurrence for which the Home Member is perhaps not sorry. We are crying, but who is going to listen to the cry? The Honourable Member is not present in his seat. However I shall give these facts, because it is my duty to do so. This is a statement by one of the accused in the Punjab Conspiracy case. He complained before the magistrate that:

"His confession had been forcibly and fraudulently manufactured. He enquired of the sub-inspector as to why he had been arrested. The sub-inspector, instead of replying to the question, began to beat him. When the accused said that he knew nothing about that, the sub-inspector again resumed beating. This continued for two or three hours. Four constables were deputed to watch him with instructions not to allow him to sleep. The accused was kept awake throughout the night and when he shut his eyes the constables beat him. After this in accordance with the instructions of the sub-inspector, Mulk Raj, head constable, bound the accused to a *charpoy* which was placed in such a position that the accused's head was towards the floor and legs towards the sky. The head constable then pricked his body with needles. When blood came in, his eyes and the position of the *charpoy* was reversed and as he regained his first condition, they again gave him a beating."

The second accused also made a similar statement:

When the accused:

"asked as to what statement they wished him to make, K. S. Said Ahmad Shah said they would show him what they wanted. Soon after some policemen arrived and slapped him on the face with such violence that he got stunned. Blankets were thrown upon him and he was given severe beating."

[Pandit Satyendra Nath Sen.]

These allegations were made in the hope that the accused would get justice, and from whom did he expect to have that? He made his complaint before a member of the executive, and another member of the same department under a different nomenclature was going to dispense justice in his case. Therefore, it is that it is extremely necessary that there should be a separation of the judicial from the executive functions. If that grievance is redressed, then half of our complaints will cease. Sir, we have been crying ourselves hoarse for that separation for the last one hundred years or even more. The principle and the utility of that separation was recognized so early as during the last decade of the 18th century—during the days of Lord Cornwallis and it was making a steady progress until it was shelved as the result of a reactionary minute by Sir James Fitz-Stephen in the year 1871, and it has been completely shelved in spite of repeated demands from the Congress year after year until the year 1917 when the Congress was captured by the extremists on account of the fact that the Indian people became extremists by reason of their repeated disappointment at the hands of the Government.

Sir, last but not the least, my grievance is that special facilities were accorded to Mr. Gandhi for carrying on an evil propaganda against the entire Hindu community. (Laughter.)

Sir, this was done evidently to enable him to discontinue the civil disobedience movement with his prestige intact. (Laughter.) We know, Sir, that the Government trade upon dissensions, and our politicians, I am sorry to say, have not been able to see through this game of the Government. Sir, this sort of religious interference will never be tolerated by the Hindu community. They have been perturbed over the sanction that has been accorded to the introduction of the Untouchability Bill and the Temple-Entry Bill. Regarding the mentality of the Hindu community, I may quote a few lines from a very early document. This is what was said by Mr. Harry Vane, formerly Governor of Bengal, who informed his views to a Committee of the House of Commons in 1781 in the following words:

"The Hindus are more attached to their customs and manners than any other people on the face of the earth and they would suffer death rather than any indignity to their caste."

I hope the Government will take a note of this fact. Sir, another grievance is that the notorious Sarda Act has continued to remain on the Statute-book unrepealed. (Laughter.) Sir, unless and until these grievances are redressed, I do not see how we can see our way to support the motion for the consideration of the Finance Bill.

Lala Rameshwar Prasad Bagla (Cities of the United Provinces: Non-Muhammadan Urban): Sir, the Honourable the Finance Member, Sir George Schuster, will go down in history by his other name so often spoken of in commercial circles as "Surcharge" Schuster. Not only the commercial community, but the mass of income-tax payers expected that the surcharge on all taxes, particularly the grinding surcharge on income-tax should go with the introduction of the present Finance Bill. To the utter dismay of the groaning taxpayer, however, the surcharges remain. The process of diminishing returns is already evident. Customs receipts are almost steady at 50 crores of rupees, rather less by one crore from 1931-32. The income-tax receipts are equally deplorable. In spite of the

25 per cent. sur-tax and levy of income-tax on Rs. 1,000 and onwards, the receipts were only rupees 16 crores and 92 lakhs in 1932-33 which was less by one crore of rupees from the year 1931-32. The Honourable the Finance Member expects rupees 17 crores and 88 lakhs from income-tax, and if this figure is reached, the additional receipt of 46 lakhs would come from untapped low income-tax-payers. Already small shop keepers—*panwallas*, grocers and tea shopwallas—are being assessed with vengeance and I can picture untold hardships to these classes of bread-earners in the coming year. The Honourable the Finance Member would do well to abolish the lower income-tax and also the sur-taxes on income-tax. As a business man, I know how Japanese competition is killing the trade of piece-goods merchants, but yet they are assessed no less on their income. Sir, I think, the Finance Member would get a shock next year on his income-tax returns.

Sir, I strongly advocate a high tariff against dumping. Let the Government assess the value of Japanese imports at the rate of exchange of the yen before it went off the gold standard, *i.e.*, at the rate of Rs. 136 to 100 yens, and levy 50 per cent. tariff on all Japanese goods. I entirely agree with my friend, Mr. B. Das, that Japanese dumping has become a menace to Indian industries and Indian trade and Japanese imports should be stopped by a high tariff wall.

Sir, the Honourable the Finance Member is most anxious that trade and commerce should make a recovery and that the balance of trade should be in India's favour. I see no signs of it. In spite of the Ottawa Agreement, India's exports abroad have not increased in tobacco, tea, wheat, cotton, jute or rice. There are factors, such as heavy shipping rates, and the long distances still operate against increase of export from India. This means that the condition of producers will not improve and I urge on the Honourable the Finance Member to devise ways and means to increase the earning power of the masses. There is very little remission in land taxes. The producer has sold all his gold, silver and brass and today he lives in abject poverty. His produce does not suffice to meet the taxes he has to pay. While the Government may be happy over their stabilised Budget, high taxation is ruining the economic fabric of the masses. I cannot think of any recovery in trade or commerce, nor any relief would come to the primary producer until the high taxation is lowered. Therefore Government must reduce at once the heavy military burden on India. The cost of defence should be limited to 30 or 35 crores, and then alone can the Central Government or Provincial Governments bring relief to the tax-payers.

Sir, the Railways are proving white elephants, and future Finance Members will find it more difficult to manage their ways and means budget. The value of Government securities may be high today, but, within a year or two, I think, the Government will face a fall in prices and there will be no gold left to be exported to keep up the credit of the Government of India in the market.

Sir, one word more and I have done. The financial safeguards as tentatives discussed at the Third Round Table Conference do not seem to work in India's interest. All reservations are to satisfy the creditors abroad and no Finance Minister under the new Constitution can keep up the high level of taxation or even the present fictitious level of credit of the Government of India which is merely an offset against the export of

[Lala Rameshwar Prasad Bagla.]

gold. I, therefore, urge on the House to see that the financial safeguards should be framed in such a way that they work in the interests of India and that they allow Finance Members and Commerce Members in the new Constitution to develop resources of India in India's interest.

Mr. Lalchand Navalrai (Sind: Non-Muhammadian Rural): Sir, my 1 P.M. excuse for speaking on the Finance Bill today is that our expectations have been frustrated. Sir, we had a clear promise, which cannot be twisted in any manner, that the new taxes, namely, the lower income-tax and the surcharge, will be removed after 18 months. Sir, I have very great respect for the Finance Member, but the other day I was very much disappointed when he wanted to set up some meaning on his promise by interpreting it in his own way. I cannot reiterate his exact words, but I understood him to say that his was more or less a promise based on a forecast and, therefore, on considering the state of affairs at present he was not in a position to reduce the income-tax and give help to the poor people. I was still more disappointed when he further said that in future he would be careful not to give promises, but he would give only hopes. Sir, when we put questions in this House in order to get information on certain points, we are given evasive replies and if we put supplementary questions to bring out what we want, we are often disappointed. Therefore, it is only at the time of Bills and Resolutions, etc., that Honourable Members make somewhat clear promises or give some assurances. I submit, therefore, that, with regard to these promises and assurances, Honourable Members should in honour bound stand by them.

I feel that the lower income-tax is a great hardship upon the people. Those who are in close contact with their lives know how it has been prejudicially affecting them. As my Honourable friend, who preceded me, said, even small hawkers and other people are being charged income-tax when they cannot possibly afford to pay. Again, I think the cost of recovering it is such that it should be prohibitive for the purpose of realising it. Sir, there were many ways of bringing about the balancing of the Budget, but if it was not possible to remove both this lower income-tax and the surcharge, at least the lower income-tax should have been remitted. With regard to the surcharge also, I submit that in these days, owing to depression and other circumstances, the people are very much hard up. Their income-tax, taken together with super-tax, is already too much, and to charge 25 per cent. over and above is really a calamity. I realise that Government servants also pay that tax and I think for that reason they also must muster strong and join hands with us in asking Government to abandon these taxes.

Then, Sir, as to stamps, there also the poor people are suffering very much. The income from postal stamps may not have very much decreased, but after all people are at present resorting to other methods which are not proper, that is, sending their letters through messengers or persons who have been moving about from one place to another. With regard to that duty also, I feel that it is a hardship upon the people of which they should be relieved.

Then, Sir, I endorse what Dr. Ziauddin Ahmad said. There are two things which Government should have in their view and, unless and until those two things are met in a proper manner, I think the Budget will

remain always a deficit and unbalanced one. He said that what Government should do is to decrease the high annual interest that they pay on loans. These loans are of such an enormous extent that it is now high time that some means should be found to reduce them; and, for that purpose, if the interest is reduced, then also there will be some relief thereof. The second thing is with regard to the army expenditure. I need not say much about that, because in season and out of season we have proved the necessity of this huge item of the army expenditure having been reduced.

Then, Sir, there is the question of Indianisation of the Army. The other day one thing came to my notice with regard to it which I did not know before. I was attending a Select Committee on the Auxiliary Force Amending Bill. There was a question of reduction of expenditure on the auxiliary forces and, instead of three classes that they had, namely, the active class, the first reserve class and the second, they were reducing the two reserve classes to one. Naturally I inquired if this force had Indians in it, but I was surprised to learn that there was not a single one. And yet it is claimed that the Government are ready to Indianize the Army. Sir, I submit that there are several ways of reducing the army expenditure which would help the country in its nation-building departments. Sir, our industries, which are rising to some extent, require help and propping up, but, if the Budget is going to be a deficit one every year or only a small balance is left each year, we cannot be very safe in expecting that the industries will develop.

Then, Sir, coming to the unemployment question, we are faced with the same difficulty. People have got educated and they have no other outlet than Government service. If there were many other avenues, such as industries, for these educated people, they would not feel shy of taking to them, but there is no way out even in that direction. I submit, it is now high time that some means should be found out in order to solve this unemployment question.

Sir, I admit, the Honourable the Finance Member himself cannot possibly be blamed for bringing a Budget as he did, because he is under such a Constitution where he has no power to ask for a reduction of the emoluments of the higher services. The expenses of the India Office are not in his hands or in the hands of the Government here. The India Office and the High Commissioner's Office which are in England are paid from the Indian Exchequer through the Secretary of State. If such large amounts are paid as required by the present Constitution and then the Honourable the Finance Member is asked to balance the Budget, I think it is an impossible task for him to accomplish. Therefore, Sir, reduction or retrenchment should come from the top, and if the expenses of the India Office and the High Commissioner's Office and downwards are curtailed, or the power is given in the coming Constitution to this House to deal with them, then and then only we can expect to help India in her industries and other nation-building activities. If the Constitution that is in view is also going to be a Constitution under which this House shall have no power whatsoever to reduce the pay of the Imperial Service or to frame rules with regard to the emoluments and conduct of higher officials at the India Office or in the High Commissioner's Office, and that power is again left in the hands of the Secretary of State, then, Sir, I say, "Woe be to that Constitution". That Constitution could not be worked here. I, therefore, need not take any more time of the House over this Finance Bill, but, at the same

[Mr. Lalchand Navalrai.]

time, I strongly urge that unless means are found to reduce the expenses of the higher officers, to amalgamate certain departments, and to curtail the army expenses and the interest on debts, there will be no bright day for India. Sir, with these words, I conclude my remarks.

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

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

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Mr. President, this is the occasion on which the Opposition is given the latitude to speak on all the grievances before we are called upon to vote for the supplies. So, before I come to bigger questions, I would like to discuss some minor matters about the privileges of Members of this House. I would like first of all to speak about the "House Committee" that was appointed by your predecessor in office and of which you were so long the Chairman. From time to time we made various recommendations to the Department of Industries and Labour to give some more comforts to the Members as regards their residential quarters. We regret that apart from the very insignificant suggestions that have been accepted, the Government have failed to do anything substantial on the recommendations of the House Committee. Every Member of this House knows how difficult it is for Members to get residential quarters particularly in Simla. As a member of the Public Accounts Committee, I think we had occasion, about four or five years before, to see that a large amount of money was spent on behalf of the Legislative Assembly Department for the purchase of the hotel that is known as the Longwood Hotel. So far as I know, that expenditure was incurred on account of the Legislative Assembly Department, but a major portion or, say, 80 or 90 per cent. of the Hotel is now occupied and used for other purposes. Even in a place like Delhi, where the difficulty of accommodation is not so great as in Simla, in spite of our efforts in the House Committee we have failed to secure proper response from the Industries Department to remedy the inconvenience, in the Members' quarters. Members are given preference, at the time of allotment of quarters, who combine amongst themselves, two or three, and live in a single house. It is also known that, in the Windsor Place quarters, there is provision for only one latrine. We urged that there should be arrangement for at least two latrines in every quarter, and there should also be some more windows in order to make some of the rooms habitable, and, with a very little expense, they can make some of these rooms habitable. But most of our suggestions have been turned down. I hope that when you will appoint the next House Committee, you will not only see that they make recommendations, but that there is some sanction behind those recommendations. If it is merely to send forward suggestions and do mere begging, without having any power behind, it will be useless to form any House Committee at all. I do not like to go into details now; and now that the question has been raised in this House I hope it will draw the attention of the Industries Department and that they will show more regard for the comforts of the Members of this House, particularly when, with the new Federal Assembly, there will be more

quarters necessary as the number of Members will be doubled or tripled; and I think attempts should be made even from now to provide more quarters for Members.

From that grievance I would like to come to the other grievance about the Committees in general of this House. Sir, we have several Advisory Committees that are elected by this House and partly nominated, during the month of March. So far as I remember, for every Department there is an Advisory Committee. It is known to the Members of this Assembly that these Committees are never called; though they are advisory, even their advice is never sought, and I can name several Advisory Committees in different Departments that have not been called for the last two or three years. If really Government think that they are useless, what is the necessity of having an Advisory Committee at all; and I think the time has now come at last to decide once for all whether there should be any of these Advisory Committees if they are not to be called at all even once during the course of a whole year.

I have also a grievance about the calling of some of these Committees like the Standing Finance Committee or the Public Accounts Committee or the Railway Standing Finance Committee. Sometimes the hour is fixed at a time which is not at all agreeable to the modes of life and habits of Indians. Generally the meeting is called at 10 A.M. in spite of protests that have been made, not once or twice. I feel called upon to raise this question publicly before this House. Meetings are called at 10 A.M. It is well known to you, Sir, that Indians generally take their food between 10 and 11 A.M. and the House starts at 11 A.M. On a holiday, it is possible to postpone our food for an hour till, say, 11 or 12; but what happens is that even when the House will be sitting from 11, no consideration is paid to the earnest requests of the Members. I am not drawing on my imagination, but I am speaking of a particular case that happened only yesterday. A very important meeting of the Public Accounts Committee, which is a Statutory Committee and which it does not lie in the sweet will of anybody to say whether it should exist or not—this committee is not even a creation of the House by its Resolutions—even in that Committee, in spite of my protests, not for the first time, the time is fixed at 10 A.M. or 6 P.M. Government should know that private Members may not have a Secretariat behind them to help them but they require time and opportunities to consult documents and other references. The non-official Members certainly require more time to prepare themselves to do proper justice to their membership of Committees. I deliberately raise this question, because if Government want the Members to be useful, then the time should not be fixed at so early as 10 A.M., particularly on a day when the House is sitting, because it is very inconvenient to Members to attend both the meetings of the Committee in the mornings and also of the Assembly during the day. While I am on this subject, my friend reminds me that the most important Department of the Government of India, the Home Department, have not even an Advisory Committee, but I say again that if these Advisory Committees are not to be called at all, then it is no use in having a Committee for the Home Department or, for that matter, for any Department.

Sir, before I deal with other questions, I would just like to say a word about the speech which my friend, Mr. B. Das, made. In the course of his speech, my friend said that the zamindars, in realising revenue from their tenants, use *lathis* more mercilessly than even the police. Sir, I

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have no experience about the Oriya zamindars and their manner of realising revenue, but so far as the Bengal province is concerned, all I can say that the zamindars today are in a worse position than even the tenants themselves. They have to pay the Government revenue from their own pockets, and, with the rise of democracy which we all hail with satisfaction, the tenants now know their rights, and there cannot be any question of exactions or tyranny or any *lathi* blows which may be milder or stronger than the blows of the police

Mr. B. Das: Bengal has become heaven to the ryots, is it not?

Mr. S. C. Mitra: I do not know whether it has become a heaven for the ryots, but my friend can speak with authority about the big zamindars like the Rajas of Kanika and others who are his friends, but my experience is different. If he has witnessed similar things in those places, certainly my friend can speak for them, but speaking as a Member from Bengal, which is a permanently settled area,—and some of the biggest zemindars hail from my province and I can speak about them,—I can say that there is no complaint either from the tenants or from the middle class people about tyranny, not to speak of *lathi* charges

Mr. B. Das: There was a complaint from U. P. ryots in a pamphlet which Pandit Jawaharlal Nehru printed.

Mr. S. C. Mitra: That is for the U. P. Perhaps some Member from the U. P. will reply to it.

Now, I should like to say a few words about the separation of judicial and executive functions. My friend, Pandit Sen, has dealt with the question at some length this morning, and I did not want to say much on this, but I found that the Honourable the Home Member was so very ignorant of this question that I feel it necessary to tell him what attitude was taken up by the Government of India in the past on this matter. I am now reading a passage from a book on Separation of Executive and Judicial Functions by Mr. Gilchrist, and at page 122 he says this. There was a memorial from Lord Hobhouse and others, and referring to that memorial, Mr. Gilchrist says this:

“The memorial did not have immediate effect”,

—that is about the separation of judicial and executive functions—

“But it had real effect some years later, and the Government of India definitely declared its intention to introduce separation in selected districts in Bengal. The mouthpiece of the Government of India was the Home Member, Sir Harvey Adamson, later Lieut.-Governor of Burma. Sir Harvey Adamson's scheme was propounded in the Imperial Legislative Council in March, 1906. He informed the Council that the Government of India had decided to advance ‘cautiously and tentatively’ towards the separation in those parts of India where the conditions were considered to be appropriate. The experiment, he said, would be costly, but the Government of India thought it ‘worth while’. The experiment was to be started in the Bengals (Eastern Bengal was then a separate province).”

The Government of India accepted the scheme on principle that there should be separation, but the question was one of costs. I know there was a Committee presided over by Justice Greaves. I tried to get a copy of.

the Report, but unfortunately neither in our Library nor in the Library of the Secretariat could I get a copy of it. As regards Hobhouse's memorial, this is what is stated:

"The Hobhouse memorial was a weighty document, not so much because of its arguments and presentation of the case, but because of the names appended to it. Its first signatory was Lord Hobhouse, who had been Legal Member of the Governor General's Council from 1872-77. Following his name were those of Sir Richard Garth and Sir Richard Couch, both of whom had been Chief Justice of Bengal. Sir John Budd Phear had been a Judge of the High Court of Calcutta, and, later, Chief Justice of Ceylon. Sir William Markby, Sir Charles Sargeant and Sir John Scott had been Judges of the High Court in Calcutta. Sir William Markby, later, was Reader in Indian Law at Oxford and is in the first rank of modern jurist. Sir Roland Wilson was a distinguished lawyer. Sir William Wedderburn was a successful Bombay Civilian who afterwards became President of the Indian National Congress. Mr. Reynolds was in his time Secretary to the Government of Bengal."

I read all these names to show that the question of separation of judicial and executive functions was started not by the so-called agitators of the Congress, but by responsible officers of the Government who held the highest posts in India as Judges and administrators. They have raised this question now for far more than a century, and it was never doubted that on principle this separation should be effected without any delay. All that we knew was about the difficulty of cost, whether the Indian treasury would be able to meet the enormous extra cost that would be involved. But the ignorance of the present Home Member is displayed by the fact that he does not know what was the attitude of the Government of India, and so I want to bring to his notice the fact that the question is not so undecided as he thinks it is. As early as 1887 there was a Committee appointed to inquire into the police system in India, and so far as I could get hold of any references I find that this question of separation of the executive from judicial functions was started then, if not earlier still. It is said there:

"Many complaints have reached the Government from landowners and indigo planters regarding the unsatisfactory condition of the police system of Bengal. In 1838, this Committee, the outstanding member of which was Mr. F. J. Halliday, first Lieut.-Governor of Bengal, submitted a report. The members of the Committee did not agree on all points. The majority recommended that the offices of magistrate and collector should be split up."

Later on, it is said:

"Sir Frederick Halliday did not agree with the majority. In a minute of dissent he strongly urged the separation of police and magisterial functions on the ground of the recognised principle of jurisprudence that the separation of the judicial from the executive was a necessary element in good government. He declared that to combine the duties of a judge and a sheriff or of a justice of the peace and of a constable in the same individual was both absurd and mischievous. No magistrate should have a previous knowledge of the case on which he is to pronounce a verdict as a judge. The duty of preventing and detecting crime therefore, he said, should be thrown upon the police. There should be a separate organisation to catch thieves and to try thieves. Sir Frederick supported his theory by a comparison of English conditions, in which connection he wrote. . ."

It is not necessary for me now to argue this case at length. It is enough to say that the public in India for a long time and the British officials of the past generations were all agreed that it is anomalous, that it is absurd that the same man should be responsible for putting up a man for trial and for sitting in judgment as well. I submit that the question of cost should not stand in the way particularly now when the political situation makes it clear that the magistracy sometimes take

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vindictive views about the nature of particular crimes. An attempt should be made at least in provinces like Madras, where there is a surplus Budget, to separate judicial from executive functions.

My Honourable friend, Mr. Amar Nath Dutt, spoke of the "Poona Pact". I would not have ordinarily discussed this question, but it having been raised I should like to give the non-official view on this question. The Pact is one which is not supported not only by the majority, but by any party or community in Bengal. Our grievance is about the representation of the Depressed Classes. Even the Prime Minister in his Award said that the question of Depressed Classes in Bengal was different from that in any other province. As a matter of fact, on enquiry it was found that there were no disabilities for any classes, who were considered as depressed, as regards their representation either in the Legislature or in the public services in Bengal. According to the Prime Minister's original Award, a scheme was to be devised by which at least ten depressed classes representatives would secure seats in the Legislature, and not that a number of seats should be set apart for the Depressed Classes as such and thus really divide the Depressed Classes and other classes of the Hindus. But in the "Poona Pact", without consulting Bengal opinion in any way and, I know for certain, that among those who met Mahatma Gandhi at Poona, there was not a single Bengali representative—they, in their own way, without consulting Bengal opinion or the Depressed Classes opinion, came to certain decisions. Sir, you know the conditions when Mahatma Gandhi was on hunger strike. Any question that might have been raised then would have endangered his life and it was more from considerations of sentiment for the life of that great man than from any political considerations that the Bengalis did not raise any objection to the Pact. But, Sir, I can assure you that if there is any unanimity on any subject amongst the Hindus in Bengal, whether they belong to the Congress or any other political organisation, it can be said that on this subject they are all unanimous. They would rather have the Prime Minister's Award than the "Poona Pact" so far as Bengal is concerned.

I shall now say a few words about the army expenditure, because that is the only Budget from which we can expect to get something substantial. Though the Army Budget is apparently for 47 crores, it is well known that there are many other items of expenditure which should properly be debited to the Army Budget. The expenditure on the strategic lines comes to Rs. two crores and two lakhs and it is a constant figure. I do not know why this amount is set apart every year from the Military Budget. Then the expenditure on the watch and ward in the Frontier is certainly a military expenditure and not a police expenditure. That comes to about Rs. 2½ crores. It is also well known that the concessions that the military people get, both in the shape of freights and rates in the Indian Railways, come to a few crores. These should all be added if we are to truly gauge the condition of the Military Budget. I find referring to the report of the General Purposes Sub-Committee that some items of expenditure which are known as political should also form part of the Military Budget. I read from page 12 of that report:

"We draw attention to several cases in which expenditure which in essence is military is being shown under head 'Political'. We commented on similar cases in connection with certain classes of 'civil' expenditure, e.g., the 'Survey of India'...."

Here it is admitted that a large number of Royal Engineers are provided in the Survey of India Department more than are necessary for

the purposes of the department itself. It is merely to maintain these Royal Engineers in service that they are employed in the Survey of India Department:

"... Survey of India, Agricultural, Medical, Ecclesiastical (which comes to about 30 lakhs of rupees and which is maintained mostly for the soldiers), etc. In certain cases such expenditure has always been classified as political; in some cases it used to be provided for in the army budget but was removed from it when in connection with the retrenchment campaign of 1922-23 an upper limit was put on that budget. As instances we may quote the expenditure on Frontier Watch and Ward (in all 2,52.35 lakhs), charges for the organisation of Indian States Forces (6.44 lakhs), and the cost of semi-military formations like the Mewar and the Malwa Bhil Corps; these have always been shown as 'political'. On the other hand, the cost of the Envoy's escorts in Nepal, cost of stores for Gilgit Scouts, cost of telephone lines in the North-West Frontier Province and certain charges in connection with the Nayar Brigade used to be borne on the Army estimates but are now shown as 'political'. It can also be argued with a fair show of reason that some of the expenditure on the political agencies in the tribal areas in the North-West Frontier Province and Baluchistan and Burma and Assam is essentially military. The employment of officers of the I. M. S. and the I. M. D. in political agencies is often, in essence, a mode of providing army surgeons with some useful employment in peace time. We propose that in the interests of a true picture of the real aggregate cost of each service, the expenditure should be more precisely classified."

From this it is clear that the apparent Military Budget of 47 crores

is not correct and all this expenditure that is incurred on other departments should be strongly accounted for in the military and the general argument that it is merely a transference of account will not hold good when there is a question of having a block Budget for the army. So I suggest that proper scrutiny should be made of the expenditure in other Departments, and all the expenditure that may be attributed to the Military Budget should be properly accounted for to give us a full picture of the military expenditure. In this connection I like to refer to another paragraph of the Committee's report where it is shown that Imperial burdens have been unnecessarily put on the central tax-payers:

"We may now draw attention to certain burdens which British India has to bear, in our opinion unfairly. We have recommended that the entire cost of diplomatic and consular representation in Persia and the Persian Gulf Littoral and Turkestan and on the agencies at Gyantse, Yatung and Gantok should be entirely borne by the British Government. We claim that it has not been shown to our satisfaction that they are maintained in the trade interests of India. We are satisfied that their history, constitution and the other important facts, which we have mentioned in our Report, do not prove the case of the department in this connection. So far as we are aware, no dominion or colony bears a share of such expenditure, even when it is almost directly interested. In this connection we may refer to the recommendation made in an analogous case by the Economy Committee appointed in 1931 by the Secretary of State to the effect that efforts should be made to secure discontinuance of India's annual contribution (£12,000) towards diplomatic and consular establishments in China."

I do not like to develop this point very far, because my Leader, Sir Abdur Rahim, in his last speech fully discussed this matter and the reply from the Government was that they were going into these matters thoroughly. The mere reading will show to anybody that, when they are for Imperial purposes, why the Indian Government should bear this expenditure, and the earlier they settle these questions with the Government in England, the better for the Indian Exchequer.

I like to say a few words about the general conditions of the tax-payers in India and, in this connection, I like to discuss the question about unemployment which, when it is raised in this House, is not properly replied to, because the Government hold that this is a matter entirely for the Local Governments. I entirely disagree with this point of view. The prosperity of a nation really depends on how the people of the country

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get sufficient work for themselves. It is known that India is 70 to 80 per cent agricultural. I know from my experience in Bengal that the agriculturists have really work for four or five months in the year and, in the rest of the seven or eight months, they have absolutely no work. That is the reason why the people in this country are proverbially poor. Any national Government would have tried from the very beginning to find proper occupation for its citizens. It may be said that it is not in the interest of an alien Government to look to the national interest, but even for an alien Government, who are here to milk the cow, they should realise that, if the cow is not alive, there is no possibility of getting the milk. For all these years it was possible to rule this country in any way that the alien bureaucracy liked. I have said on more than one occasion that the real reason for discontent in this country is not only political, but mostly it is economic and the solution of that economic question lies in providing work for the vast millions of the unemployed in India. This question of unemployment must be tackled and the only way is that India cannot long remain, more or less, a purely agricultural country. Government must see that the industries should be started in the different provinces to provide occupation to the unemployed—not only the unemployed among the educated classes, but even among the masses. The greatest credit that Mahatma Gandhi had in starting the spinners' associations was that he alone, of all the Indians, made an attempt to solve this unemployment question, though by calculation it was shown that a man can earn in a day only two or three annas by working at the spinning wheel, but the logic of the whole argument was that, even by providing some earning for the agriculturists in the villages, there was some occupation to these millions of people throughout the length and breadth of India. So, not only from the political standpoint, but also from the economic standpoint and, even in the interest of the British Government, they must seriously tackle this question of unemployment and it is no use leaving the issue to the Provincial Governments to settle it for themselves. The Government of India, I think, have not even statistics of the number unemployed in this country. The question of unemployment not only among the industrial labourers, but also the agriculturists should be taken note of and I would ask the Government, if they care at all for good Government, that they shall have to solve this question and the Department of Industries and Labour should be primarily responsible to initiate some scheme by which at least some beginning may be made, not only to collect statistics of this unemployment, but also to attempt some solution of the problem as well.

Now, I should like to say a few words about the political situation as a whole. The latest development in the political situation was a ban on the holding of the Indian National Congress. By repeated questions in this House, we know that Government have not declared the Congress as an unlawful association, because they know that that is the only strong and organised political association in India. Government cannot ignore the Congress. But if that be so, I do not see any reason why they should not try to settle their differences with the Congress. I do not say the Congress is very much anxious for a settlement. I know that a proper settlement is in their heart of hearts, but whenever a statement like this is made, the Congress seems to be very touchy and some people come out and repudiate it. That, however, is no reason—whether the Congress is anxious or not,—why the British Government in India should not make

a serious effort to settle differences with the largest political association in India. Sir, I am a Congressman and I still continue to be a Congressman. (Hear, hear.) (Mr. B. Das: "So am I.") I have told this House on more than one occasion that civil disobedience or non-co-operation is not a creed of the Congress. The Congress has two distinct things: one is the creed. That must be subscribed to by everybody. That is a mandatory condition with the Congress people, but as regards the resolutions, they are always recommendatory. Personally I have not carried out the Congress mandate about the boycott of Legislatures, but yet I am a member of the Congress. That shows that in the Congress the resolutions are not binding on all the members of the Congress and the only way for the Congress to express its opinion is in an open session of the Congress. Sir, we urge the Government to give a full chance to the Congress to hold its annual sitting and see what may be the attitude of the Indian National Congress. It has been said by the officiating Congress President publicly that it is the Working Committee that can speak for the Congress, but I do not agree with him there. The Working Committee may say something, but it is the Congress in its open session that can really decide the Congress programme and the Congress attitude. It is well-known that many a time the settled programme has been altered and amended by the Congress, and, even with regard to the question of the boycott of the Legislatures, it is well-known that the previous decision was revised by the Congress itself. I personally believe that though some of the exponents may even urge that the civil disobedience movement should be continued, there is a very great chance, at an open session of the Congress, that the programme of civil disobedience may be revised; and if the Government really desire peace in the country and not merely try to kill all political aspirations in this country, they would be well-advised to permit the Congress to hold its session and then to come to a considered judgment on the basis of the programme settled in an open session.

I shall say a few words now about the political prisoners as well. Sir, some of these political prisoners have now been in jail for more than four or five years. Yesterday when I raised that question, the Honourable the Home Member said that that was not so, that it was not for such a long period. That is true about the few State Prisoners confined under Regulation III, but, in Bengal, under the Criminal Amendment Act, I know, there are political prisoners who are in jail now continuously for four or five years. Sir, the Government must pursue some definite plan. Do they really believe that it is right, or is it their policy to continue to keep these political prisoners confined in jail all their lives? If that is not so, then they should certainly decide about what should be their proper attitude towards these political prisoners. These prisoners will be set at liberty some day and there should be an attempt to reconcile all the political prisoners, so far as that may be practicable, to help in working the new constitution. It is known to this House that the political prisoners, now confined in jail under Regulation III of 1818 or under the Bengal Criminal Law Amendment Act, the life of which has now been enlarged by another five years, were arrested and put under restraint in jail mostly without any trial. Now, referring to the sections of the Indian Penal Code we know, however, that there are very few offences which are punishable with imprisonment for more than four or five years. How then can Government reconcile their position *vis-a-vis* the political prisoners with the situation prescribed in the Penal Code, considering that these political prisoners have been incarcerated in jail, without there being any semblance

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of previous trial and were thus deprived of any chance to disprove the charges alleged against them, for a period of more than four or five years? So, on the eve of the inauguration of the new constitution, as is the custom even of the British Government here in India, I hope an attempt will be made to consider anew the cases of all the political prisoners confined in jails. Now, as regards their treatment in jail, I described the other day how bad that was; not to speak of the ordinary political prisoners, the treatment meted out towards their great leaders is far from what is to be expected. Only the other day we heard about the treatment accorded to Mr. Subhas Chandra Bose, who is now in Vienna for treatment. I know there were orders issued by the Home Department of the Government of India, and, being a State prisoner under Regulation III, he was of course directly under the Government of India. Yet, while he was boarding his ship in Bombay, none of his relations were given any chance to have an interview with him except, if they so wanted it, in the presence of police officials. I know he was allowed to interview his relations—brothers and sisters—at Jubbulpore without any interference by the police and a wire was sent from the Home Department of the Government of India that he should get the same privileges in Bombay. But the local police there did not permit his relations to see him except under those very insulting conditions, and thus they refused to avail themselves of this permission to interview him in the presence of two or three police officials. Sir, it is strange that whenever we want even the most legitimate right of interviewing political prisoners in jail on the part of their relations or friends, under some subterfuge or other the Government manage to make it impossible for people to meet these political prisoners. I have already narrated in this House the story of how I failed to secure permission from the Government to see my nephew in the Deoli Detention Camp. Sir, I contend that this is not a mere favour that, we ask, should be shown to us. It is a right of every individual, who is a near relation of these political detenus, to meet his relations in detention camps, of course under condition of the police being present or under other restrictions that Government may care to impose. But now it is found that some excuse is always given. If we apply to the Government of Bengal, they say that he is a prisoner of the Government of India; and if anybody approaches the Government of India, he is told that no orders can be passed except under instructions from the Local Government. By all these means even ordinary interviews are denied to the relations of these political prisoners. I am not drawing on my imagination; this can be easily found out by Government if they inquire how many persons in the detention camp at Deoli had an opportunity to meet their relations. The other day the Honourable the Home Member agreed that our friend, Diwan Bahadur Sardar, will be appointed a jail visitor, but up till now he has not been so appointed. And as regards jail visitors, they always get such men who will be of no assistance in communicating the grievances of these prisoners or detenus even to the higher authorities. Some of these non-officials are chosen from such members of society who are expected not to report fairly even to Government officials.

Sir, before I conclude, I shall say only a few words about the export of gold from India. Whatever may be the views of the Honourable the Finance Member as to whether gold can be eaten or not, I think I shall be voicing the opinion of the people of India when I say that they do not desire that all their gold should leave the Indian shores. We have found that countries in the west like America, whose people like ourselves are not

gold eaters, are putting an embargo, directly or indirectly, on the export of gold. Whatever may be said about exchanging one form of investment for another, I think we have waited long, and hundreds of crores worth of gold has already gone out of India. The Finance Member should still consider the question of putting an embargo on the export of gold from India. It has been said by several speakers on this side that this gold is really distress gold. The Honourable the Finance Member will at once quote figures to prove that during the last 10 or 15 years so much of gold had come to India, and even one-fifth of it has not gone out. But can he tell us that the gold which is still in India is with the British Indian people? Can he say for certain that the great part of it is not with the big Native State rulers? Even if there is some surplus gold still left, can it not be truly said that the poor people had to exchange all their little capital that was invested in gold for the bare necessities of life? The condition of the poor peasants is well known to the Finance Member. Their produce, rice or wheat, is fetching less than 20 or 25 per cent. of its former price and yet they cannot go on without the clothes and other necessities which they must buy in the market. Where can they get this money from? They have certainly to sell out a little of the precious metal that they had; and if this unfavourable balance of trade continues, the Finance Member of all people can certainly feel that in the course of another two or three years the condition of this country will be very much deplorable. So whatever may have happened in the last 12 months or more, Government should still consider the question of putting some embargo on the export of gold.

Sir, with regard to questions about postal rates and income-tax, we shall have occasion to discuss them when individual items come up for voting. So, with these observations, I will close my remarks.

Hony. Captain Rao Bahadur Chaudhri Lal Chand (Nominated Non-Official): Sir, I do not know whether I should congratulate the Finance Member or sympathise with him. He deserves our congratulations, because, out of the huge budget for expenditure that he laid before this House, only one rupee which is equal to sixteen annas has been cut. This House has shown great confidence in him and has granted every pie that was asked from it. Besides, every Party and nearly every Member of each Party, who spoke on the general discussion, paid glorious tributes to the Honourable the Finance Member for his masterly handling of the situation at a most critical and difficult juncture in the financial history of India. To add to this, he has been successful in raising the credit of India in the world's market at a time when the richest countries in the world are feeling the strain, and that is another feather to his cap.

He deserves our sympathies, because in spite of the skill, tact and statesmanship displayed by him, some of the Honourable Members are still opposed to this motion. Mr. Amar Nath Dutt,—I am sorry he is not here,—who is a prominent Member of this House, said this morning that he was opposed to this Bill and if possible, he would see that it is thrown out. Similarly, Mr. Lalchand Navalrai and Mr. Sen felt disappointed at this Bill. May I venture to ask Mr. Amar Nath Dutt, why he did not show the same attitude while the grants were before this House? Is it not a fact that the only cut that was chosen by his Party as the party cut was withdrawn, because the explanation given by the Honourable the Finance Member was taken as satisfactory?

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muham-madan): Because of the presence of Members like yourself.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: Members like myself, I may tell my Honourable critic, will always be found here and everywhere else. Is it not a fact that at that time his conduct was different? It may be that Members were against him, as has been remarked by Mr. Gaya Prasad Singh. But how many of those cuts did he or his Party press to a division? They did not show even their disapproval at that time. The only cut which they pressed to a division was in respect, not of extravagance on the part of Government

Mr. Amar Nath Dutt: Sir, on a point of explanation. I withdrew the cut, because I found that the Government have accepted all the principles underlying my cut. I thought that the Honourable the Finance Member has done all that he could under the circumstances and that it would be unjust to the Honourable the Finance Member to press the matter to a division, who has been helping us all along.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: When choice was given by the President to the Parties to choose their cuts, it was expected that they would choose cuts where they could attack Government most. It seems that the weakest position of Government was chosen by the Nationalist Party and even there the principle was found correct. So, Sir, it does not lie in the mouth of my Honourable friend when he says that when the Finance Bill comes before him he would oppose it and see that it is thrown out.

I was speaking about the one rupee cut. That cut was pressed to a division by the Honourable Members on the other side of the House. It was a cut proposed by the United India Party. The Mover was perfectly satisfied from the explanation given by Government and yet the other Party i.e., the Party of my friend, pressed for a division. In that connection it was clearly explained that it was not for accusing Government for extravagance, but, on the other hand, in my speech it was clearly pointed out, that we were accusing Government of stinginess in not proceeding rapidly with the Dehra Dun Academy.

My friend, Mr. Amar Nath Dutt, has given one more reason for his present attitude and it is probably on that account that he has taken up this position and it is this. He says that a great injustice has been done to the Hindus by the Poona Pact and that the Premier should not have accepted its revision. This time he spoke for the whole of Bengal. May I, again, ask a similar question? I am glad he has come in—Did he raise his voice at that time?

Mr. Amar Nath Dutt: We had no opportunity at that time.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: Sir, the history of the Poona Pact is fresh in our minds and I need not relate the circumstances under which that Pact was revised by the Premier. If the Premier had not accepted the revision of the Communal Award, I am sure, my friend, Mr. Amar Nath Dutt, would have been the first to accuse Government of allowing the greatest man of India to fall a victim to their tyranny, by an adjournment motion in this House; and the whole of Bengal, for whom he claimed to speak today, would have been up in arms against the Government. It was because of saving the country from a critical situation like this that the expenditure under "Army" and "Law and Order" is comparatively low and for this at least, while speaking on the Finance Bill, he should be thankful to Government.

Sir, I further sympathise with the Honourable the Finance Member inasmuch as he has to face criticism which it is impossible for any Government to comply with. We have heard the Honourable Mr. Lalchand Navalrai complaining of heavy and unnecessary expenditure on some of the services today. When the general discussion on the Budget was going on, he complained of the ten per cent. cut not having been fully restored. He wants the taxable limit to be raised to Rs. 2,000, because collection is difficult. If this argument is accepted by Government, I may appeal to the petty peasants who pay less than Rs. 20 to create difficulties in collection of land revenue so that a margin for bread and butter may be found for them also. The Honourable Mr. Sen finds fault with Government for not stopping some of the Members of his own party from introducing the Temple Entry and other Bills and if perchance that charge fails, because Government have given them no help, he says he would quote the Sarda Act as his cause for anger today against the Finance Member. This reminds me of the old story of a wolf and goat who happened to drink at the bank of a river. As the wolf wanted to devour the goat, he said: "Why are you making the water dirty for me?" The poor goat meekly said: "Water is flowing from your side to my side, how can I make the water dirty for you?" The wolf regarded that as sufficient excuse, and said: "In that case, you accuse me of telling a lie". He at once pounced upon the goat and devoured her.

Mr. Lalchand Navalrai finds one more cause for his opposition. He says the Honourable the Finance Member held out a definite promise that the ten per cent. cut would not be restored and that these new taxes would not be carried beyond 18 months, and now the Honourable the Finance Member has said that in future he will not make any promise, but he will show hopes. For future guidance, I may tell Mr. Lalchand Navalrai, that in an agricultural country like India it is difficult or rather impossible for any Finance Member to hold out any such promises. Agricultural conditions here are such that people gamble against monsoon. The Honourable the Finance Member has, I understand, no control over the monsoon. For we find that the monsoon was so irregular this year that it was 16" in one day in Ambala and 4" in the whole year in Hissar which is in the same Division; and, therefore, it is impossible for him to hold out any promise.

Sir, the position of the Finance Member is not enviable. He is expected not only to remit all taxes, but also to increase expenditure in Industry and Commerce and, for the matter of that, in all the spending Departments except perhaps the Army. In order to become a successful Finance Member in this House, he should adopt the following formula for his guidance. First he should give substantial bounties to big industrial concerns in order to satisfy the monied classes. He could in this way secure the goodwill of all capitalists and their friends, the so-called educated classes. In return, they will excuse him if he just does one thing more for them to keep up outward appearances. He should join them in their chorus for verbal sympathy for the poor cultivator and the masses generally, for, nobody can question them if they import foreign cotton from America and Egypt and still expect that cloth manufactured by them with this foreign stuff should be allowed to pass off as pure Swadeshi. (An Honourable Member: "Quite true.") I know that these methods are being in a good measure tried by the Government of India and I am really surprised that, in spite

[Hony. Captain Rao Bahadur Chaudhri Lal Chand.]

of these methods, criticism is coming from the other side. I could multiply examples of this so-called lip sympathy of our capitalist friends with the poor agriculturist. But, I should not digress. The second condition for a Finance Member to win popularity is, that he should cut down expenditure in all Departments that have anything to do with the maintenance of peace in the country, including the Army; but he should forget this principle of economy when dealing with comforts for law breakers whether in jail or before law courts. For, all blunders and all sins are pardoned if they are committed in the name of the country and for the alleged good of the masses.

No Finance Member can satisfy all parties, like yourself, Sir. You are really Shanmukham, when you have pleased all the six Parties that are there in the House at the present moment. The Finance Member cannot be expected to do this. But, lest I may be misunderstood, I may make it clear that I sincerely feel that the present system of Government needs drastic changes. I gave details in my Budget speech last year and I need not repeat them today. The services are more costly than a poor country like India can bear. Great mischief and waste is going on in the name of "Red-tapeism" and "Decentralisation". Division between "Central" and "Provincial" subjects is likely to prove very costly; but a great change is in sight and it will be for the new-comers to suggest ways and means. Looking from a purely financial point of view, Government have done a great deal during the last two years. To give one example, the surrender of 20 per cent. of the Army Budget, without sacrificing efficiency, is not a small achievement. To cut it down to 30 crores, as has been demanded by my friend, Mr. Das, would be letting one province loose on the other; and I think Bengal would not like to see the Punjab frequenting that Province. In that case, if the Army expenditure were reduced so rapidly, then the Frontier will be found shifted down from year to year. Sir, the Army Budget, considering the present times, has touched the rock bottom of these days and, unless circumstances change, no reduction is possible without sacrificing efficiency which in the Army Department could not be played with. Other services are of course over-paid and over-staffed. The greatest mischief is being done in the name of equality of pay for Indians and foreigners. Sir, the time has come when all Europeans should be paid their salaries as experts and the salaries of Indians should be brought down to the level of our poor country.

Mr. C. C. Biswas (Calcutta: Non-Muhammadan Urban): All Europeans are experts?

Hony. Captain Rao Bahadur Chaudhri Lal Chand: Yes. Because, taking the worst view, if outsiders are exploiting our country, why should Indians be allowed to join in that exploitation? Sir, interested persons do not press for this and similar motions. But these are things which will take some time. Certain interests are in power, and it will take years for the present class of Government servants to be divested of their vested interests. Let us wait for better times.

As regards taxes they are never welcome, and so, as pointed out by Mr. Lalchand Navalrai, in his able speech this morning, even the Government servants are tired of this burden. But he was all the time dealing with a class that could bear this burden. I refer to a class that can no

longer bear any extra burden. We agriculturists and the villagers are in a very bad condition. Our capacity seems to have been over-estimated. We are styled as the backbone of the country, but what will be the condition of the country if the backbone gives way under this burden? I feel the necessity for further retrenchment; and, while supporting the present motion, my position is this: the Honourable the Finance Member came before this House for certain expenditure. This House gave their approval to that expenditure and over 100 crores have been granted to him. Now, he comes before this House in order to raise money to meet that expenditure. Does it look well or proper in the mouth of the same Members to say "No" to him at this stage? Some of the taxes, no doubt, need as early remission as possible, but the question of priority is not so easy to solve. Some Honourable Members may call those whose income is between one and two thousand rupees as poor, but there are millions of agriculturists far poorer than those whose income is over one thousand rupees. They only gamble against the monsoon, as I said before, and it is really a surprise how they manage to live. So, if any remission is to come, it should be for the benefit of the agriculturist and for the villagers. They are living in appalling conditions. One day's visit by any Member of this House, who doubts the veracity of this statement, including the Government Members, to Hissar which is only 100 miles from this place will bear me out. Circumstanced as we are, no Finance Member could present a better Budget than this. Sir, I support the motion.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, the Honourable and gallant Member, who just took his seat, has set an example for me and I join him in congratulating the Honourable the Finance Member. Other Honourable Members have also offered him their congratulations for various reasons.

[At this stage Mr. President (The Honourable Mr. Shanmukham Chetty) vacated the Chair which was occupied by Sir Hari Singh Gour.]

I have also a special reason for the congratulations I offer. My Honourable and gallant friend has answered all the carping criticisms levelled from this side over the devoted head of the Honourable the Finance Member and, in that way, he has lightened his task of any more answering them. My Honourable and gallant friend has thus performed a signal service to the Honourable the Finance Member and to the Treasury Benches generally, and I shall be very glad to see that some gratitude is shown to him for the service he has rendered. My Honourable and gallant friend is a representative of the Army, and, as is natural to expect from him, he has been singing the praises of the Army, the Army Member and the Commander-in-Chief. I was really surprised to hear him say that there was no more room for retrenchment in the Army without the loss of efficiency. I gathered from the speech of the Honourable the Army Secretary that some more retrenchment in the Army Department could be expected in future years. The Army Department itself does not consider that the rock bottom of expenditure has been touched. They are trying their best to reduce expenditure and they expect that in future years something more pleasing to this side of the House would be done

Honorary Captain Rao Bahadur Chaudhri Lal Chand: They are bowing before criticism, perhaps.

Mr. B. V. Jadhav: But my Honourable and gallant friend is perfectly satisfied that the rock bottom has been reached, and if better days come, I think he will be the first to encourage Government and the Military Department to increase their expenditure. However that may be, times are changing. I do not know whether the present signs in Europe and Asia are making for peace or for war, but at all events if the worst happens, I am quite sure that England will be at peace with other nations, and if a European war takes place, I think England and India stand to gain . . .

Mr. B. Das: Yes, it is coming within a year or two.

Mr. B. V. Jadhav: But, Sir, whatever that may be, we on this side will always maintain that the expenditure on the Army is out of proportion to our means. We want peace and good government, but at the same time Government should see that we are able to bear the burden. A thing may be very good and very efficient and very useful, but if my purse will not allow it, then it is not right that I should aspire to have it. A Rolls Royce, for instance, may be within the means of some friends of mine,—I may envy them, I may like to roll in a Rolls Royce car, but, Sir, I should be satisfied with what I can afford to purchase and enjoy what Providence has given me. A very efficient, a very powerful and a very strong Army may be a very good thing, and it would be essential if India were bent upon an expanding policy, in expanding her frontiers. But a very big Army for merely maintaining peace within the frontiers of India is not at all necessary because, as a matter of fact, 75 per cent. of the population is dubbed as non-martial. What do you want this big Army for, to keep peace and to rule over non-martial races? I do not think that such a big Army is absolutely necessary.

This morning the question was raised about the tribal area. The tribal area, as the matter stands now, is a very indefinite subject, and I need not take the time of this House in going over the same ground. But what was tribal area 25 years ago is now within British India, and what is tribal area today may after some years come under *Pax Britannica*. But at the same time, I am afraid there will be no peace, and fighting will go on as before.

Now, Sir, after the Army, there are other Departments of the Government of India which are equally important, and the efficient administration of them all makes the whole administration successful. The success of any Government is measured by the efficiency with which the Departments are run; but, at the same time, cheapness also must be looked to. If an administration is very expensive, but at the same time efficient, then even for the sake of efficiency a high expenditure beyond the capacity of the country cannot be a desirable thing. Of all the Departments of the Government at present, the most important is the one over which my friend, Sir George Schuster, presides. He is the master of the Treasury, and from him the whole of the front Government bench is called the Treasury Bench. If the Finance Member does not provide sufficient money to carry on Government, then the efficiency of the Government will suffer, and, therefore, his skilful handling of the finances is a very important thing in the administration of such a vast country as this. A full treasury and light taxation is the test of good Government. If taxation is very heavy

and unbearable, and in that way the Treasury of the Government is filled, then the Government become very oppressive and the subjects will not get the benefit of good government. An empty Treasury connotes lavish expenditure both on its servants or on extravagant schemes that are undertaken. If the servants are paid very lavishly, the Treasury is soon depleted, and if the Government undertakes extravagant schemes and if they fail to realise the profits anticipated from those schemes, then also the Treasury becomes depleted. When the Treasury becomes depleted, the best remedy is to curtail expenditure, and under the present circumstances to meet the crisis the new President of the United States of America is introducing a cut of over 15 per cent. in the salaries of all officers. That is the right move. The losses in the Treasury cannot be wholly

4 P.M. made good by heavy taxation, but in India this principle is not adequately recognised. Eighteen months ago, to meet an emergency there was introduced a ten per cent. cut and it was introduced on the principle of *takasher bhaji and takasher khaja*. A cheap thing like vegetables and a dear thing like gold or silver were to be sold at one uniform price of rupee a seer. I am not fond of telling stories, but to illustrate this saying I shall say that Government introduced the ten per cent. cut, whether the salary paid to a servant was a very small one or a very big one, the cut was ten per cent. Of course, on the servant with a small monthly salary the cut was a very heavy one, but, on the contrary on those, who drew in salaries thousands of rupees every month, the ten per cent. cut was not a very heavy one. So, Sir, the Government of India, I think, have failed in coming up to the expectations of the people in the matter of retrenchment.

The Finance Member eighteen months ago had recourse to another measure for filling the empty Treasury and thus to balance the Budget. Balancing the Budget is a very sound principle indeed and nobody will say anything against it. But there are methods of balancing the Budget. The method adopted by Government was to increase the taxation all round. And what is the result? The taxation is so very heavy that I think the ryots are unable to bear anything further. The limit has been reached, the law of diminishing returns has begun to operate. The poor trader or the man with a very small income under Rs. 2,000 was selected to bear a fresh burden, and he is now groaning under it. Poor fellow, he cannot keep proper accounts, he cannot afford to keep a clerk to keep proper regular accounts to satisfy the income-tax officer that the income from his trade was not even Rs. 1,000. The officers of the income-tax department just call upon him to declare his income and if he declares it as below Rs. 1,000 they say, show your accounts. The fellow has not kept any accounts at all. He is not believed, and, at the sweet will of the income-tax officer, his income is taxed although probably that year he may have worked at a loss, and the fellow has quietly to pay what is demanded. This, of course, does not apply to each and every case. There may be some cases in which the income-tax officer may be right, but there are a number of cases in which injustice is done. I do not blame the income-tax officer, because he too has nothing to go upon, there is no evidence to show that no profits were made. But the result is that the poor man suffers. I do not mean to say that the income-tax officer or the Government intend that people should be squeezed out of their scanty earnings, but though there may be no intention the result is the same.

[Mr. B. V. Jadhav.]

Then, another policy which has been adopted by the Government of India of late ought to be seriously considered. In former years, the policy of the Government of India was that of free trade, and although Indian economists cried hoarse over the wrongfulness of that policy and showed conclusively that the industries of the country were being ruined on account of the severe competition of cheap goods from over the seas, still the Government of India were adamant and allowed manufactured articles of Europe and America to come in without any taxation; with the result that the indigenous trades and industries in India were killed and India was turned into an agricultural country producing raw material for the mills of Lancashire and the factories of the whole of Europe. This went on for some years. But the laws of the world are different. Free trade was not the principle adopted by the other nations. They were raising tariff walls higher and higher and giving encouragement to their own industries, and, in that way helping them, dumping their goods on other countries who indiscreetly stuck to the exploded doctrine of free trade. This continued for some time until the lovers of free trade themselves were seriously hit and had to give up their favourite free trade doctrines. By this time the Government of India too began to get light, and they too thought that free trade was not everything and that protection was a very good thing, and they began to levy protective duties. But that was not all. Under the guise of revenue duties, much more is now extracted from the pockets of the poor people and by these methods the Treasury of the Government is filled. As a matter of fact, the principle of free trade is not wholly bad, nor is the principle of protection wholly good. There is a golden mean between the two. Some articles can be produced by a nation with indigenous material, indigenous labour and indigenous capital. The manufacture of such articles must be protected and protective tariffs for a limited period will be justified. But those articles, which it will be very difficult to produce, should not be taxed. But even such are now taxed, and the tax is called revenue duty. In certain cases, the revenue duty is 10, 20 or 30 per cent. The poor consumer is thus fleeced. The foreign manufacturer does not pay it although he may pay it in the first instance and the foreign man does not pay it at all. The Indian merchant here who imports these goods has to pay, and ultimately that tax is recovered from the poor consumer. In this way, his purchasing power is crippled, trade is handicapped and the revenues ultimately suffer. When the trade expands, then alone prosperity of the ryot increases and more money flows into Government Treasuries. But, Sir, the present policy of the Government is to lay heavy taxation on the people by a protective tariff and, when that plea is not available, the high wall of customs duties is said to be erected for revenue purposes. Whatever that may be, it is impoverishing the ryots all the same and it is seriously affecting their power of purchase.

This was not all. 18 months ago, charges for delivering letters and post-cards were increased in one case by 25 per cent. and in the other case by about 50 per cent. and what is remarkable is that the poorest man was charged 50 per cent. while the better off person was charged only 25 per cent. The postcard formerly was priced at six pies. By raising it to nine pies, the charge has been increased by 50 per cent. and it is the poor who make use of the postcard. The postage for a letter was one anna 18 months ago, and it was increased by only 25 per cent. because it would have been

a great injustice to the better off people who usually write letters and send them in an envelope. Government are very careful about the well to do classes and they are very harsh on the poor people. My Honourable friend, the Member for Labour, says that Government always do it. I do not share that view. I do not think that Government always do it, and I shall qualify it by saying that Government do it many a time. The present Finance Bill is not a very encouraging Bill. The Finance Member could not lighten any burden on the shoulders of the poor people. He feels every sympathy for the poor, but I am afraid he was quite unable to reduce the burden on the man with a small income or to show some sympathy to the man who uses postcards. It would have been well had he given some relief in the case of income-tax and in the case of postage stamps along with his scheme of relief to the hard pressed Government servants from top to bottom. But he was very generous to the one while he closed his eyes to the hardships of the other. His Finance Bill is not very welcome to this House and, unless he makes it acceptable, many of us will have to show that we do not appreciate it. No doubt times are hard now. There is a slump in trade. Government revenue is not coming in as rapidly or as fully as it did before. The slump in trade may last much longer than is anticipated. The new reforms are coming and they may require larger revenue. The Honourable the Finance Member has exploited all available sources of revenue and the new Government may find it difficult to seek fresh avenues. With these words, I have to say that although I congratulate the Finance Member on his Budget, I am disappointed.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): I am not using merely an idle phrase when I say that we on this side of the House are very much disappointed with the Finance Bill that has been introduced by the Honourable the Finance Member. We anticipated that after an era of heavy taxation, which commenced from the year 1930, the Honourable the Finance Member would give certain relief to the heavily burdened tax-payer by reducing some taxes here and there, but we have not got any such relief. On the other hand, we are having one or two proposals for additional taxation such as on the uppers of boots and on stamps and cheques.

The Honourable the Finance Member has framed his Finance Bill on the supposition that emergency still continues and that the emergency which necessitated the imposition of very heavy taxation in the year 1931 still existed, but, at the same time, he has given some relief to the services by restoring the five per cent. cut. Having done so, he would have earned the everlasting gratitude of the people, especially of the agriculturists, if he had given some relief to the tax-payers. In the Finance Bill, we do not see anything about the discontinuance of the taxes that have been levied in 1931 in the special Session. 1930 was the beginning of the era of additional taxation. In the year 1930, this House has given additional taxation to the extent of five crores and, in the year 1931-32, additional taxation to the tune of 15 crores has been given to the Government. Then, at the time of the emergency Budget, we further sanctioned an additional taxation of 7½ crores for the remaining portion of 1931-32 and for the full year of 1932-33 an additional taxation of 14 crores 83 lakhs. Altogether, for these three years, this House sanctioned, or rather the Government forced this House to sanction additional taxation to the extent of nearly

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Rs. 48 crores. That is the heavy burden of taxation which we have had to bear in these hard days when the prices of agricultural produce have fallen so disastrously and when the power of resistance of the tax-payer has gone down so much. Hence I say that we were anxiously expecting that the Honourable the Finance Member would give some relief in this year of grace 1933-34.

Only this morning, Sir, my Honourable friend, Dr. Ziauddin Ahmad, said that the burden of military expenditure of this country was equal to the total revenue that was obtained by the Government by way of customs duties, and he also stated that the law of diminishing returns had begun to operate from the year 1930 on account of this heavy burden of taxation. Sir, as I pointed out, we have sanctioned nearly 43 crores of additional taxation; and the Military expenditure itself would have been almost equal to the yield from all the tax revenues of this year,—on the basis of the taxes that existed in 1930. Hence we say that the military burden is very heavy and the Honourable the Finance Member would have done a distinct service to this country and brought relief to the poor tax-payers if he had tried his hand further in the direction of the reduction of the Military Budget. Sir, the Honourable the Finance Member in his Budget speech analysed the consumption of articles in this country and divided them into three groups: articles of luxury, articles required for industrial purposes, and articles of necessity for the masses, and under the head of articles of necessity for the masses he has shown by facts and figures that, in spite of this heavy taxation, consumption of articles of necessity like clothes, kerosene and salt has been much more in spite of the diminished purchasing power of the ryots, and thereby he has sought to make out that we can safely continue this heavy burden of taxation on these articles of necessity. The Honourable Member has tried to prove that there is still an increase in the consumption of these articles and the poor people have not very severely felt the burden of this taxation. And he wants us to infer, if he has not stated so exactly, that if we want any more revenues we have only to tighten the screw a little more on these taxes on articles of necessity. Sir, I am not going to dispute the facts and figures my Honourable friend has quoted and we may take them as true and correct, but I cannot endorse the conclusions which my Honourable friend has derived therefrom. I examine the case in my own way, with the intimate knowledge that I have of the life of the villager in his village home.

Sir, during the days when the prices became very high, the people of this country took to a certain higher standard of living. India is essentially an agricultural country and its whole wealth lies in its agricultural produce, and, in the years after the cessation of the war, in those booming periods, the agricultural people were deriving very high incomes from their produce and so necessarily they had taken to a little higher standards of life. Now, when the prices fell, they had still to keep up their standard of living. It is, of course, very difficult to give up a standard of life when once it is acquired and now although these agricultural prices have fallen and they have a much diminished purchasing power, yet they have had to consume the same amount of cloth, the same amount of kerosene, the same amount of salt which they were accustomed to consume during the boom period. But, Sir, my Honourable friend's Budget

Speech does not disclose the amount of indebtedness of the population of India. It would have been an illuminating chapter in the Budget Speech if the Honourable the Finance Member had devoted a few paragraphs to the subject of the poverty and indebtedness of the ryots. If he had brought out that aspect, it would have been very clear that the poor people have been consuming these articles of necessity by selling little bits of silver and gold they had in the form of trinkets, or, if they have not silver or gold, they have had to go to the *sahukar* and contract debts. The Honourable the Finance Member should have portrayed the increase in the poverty and indebtedness of the poor people of this country and that would have been really illuminating, but he has not done so. That, then, explains the real facts about the so-called extraordinary power of resistance which the Honourable the Finance Member wants us to infer from the facts and figures that he has marshalled.

Then, the Honourable the Finance Member said in connection with the exports of gold from this country that that has been a boon to the poor people and to the agriculturists. He said, they have been getting a 30 per cent. increase in the price of his gold and not only that, he said, that they have been investing the proceeds of the sale of their gold or silver in Government Securities and in Post Office Cash Certificates. Sir, my Honourable friend, Mr. B. Das, clearly stated yesterday how this was a myth and how the poor villager was not getting a price equal to the gold and silver which he was selling.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): if the goldsmith cheats the ryot, is that the fault of the Finance Member?

Mr. T. N. Ramakrishna Reddi: He has been forced to part with all his silver and gold; that is what I am driving at.

In that connection I will give an instance from my own personal experience of how the people get less money than they expect. Very recently I took some old silver vessels which I had to a jeweller's shop to get new articles like cups and saucers and I thought I would have to pay only the making charges over and above the silver of equal weight. But when I saw the bill, I thought that I ought not to repeat the experiment again. I had to pay much more over and above what I gave in the shape of silver. That has been the experience of all these villagers. They take their gold and silver articles of jewellery in the hope of getting a good price, but when these jewels are melted, they find that it contains inferior gold and the middlemen, that is, the Marwaris and Gujratis who purchase this gold, give him a very low price. And it is those middlemen who make good profits. That shows that the villager is not getting 30 per cent. more on account of the appreciation of gold as the Finance Member wants us to infer. On the other hand, he is selling all this at a lower price in order to purchase articles of necessity for his very existence.

Then, Sir, with regard to the investment of ten crores of rupees in Post Office Cash Certificates and other Securities, if only the Finance Member had called for statistics of the class of persons who have invested in these, he would have found that there are not even one or two per cent. of these villagers and agriculturists who have invested in these Securities and Post Office Cash Certificates. The money which he got by selling these gold trinkets and other jewellery was spent for the payment of taxes and for purchasing articles of necessity and he has not got

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any margin for investing in these securities. Thus, though the facts and figures, which the Finance Member gave, are true, yet the conclusions which he has arrived at are not at all correct. Then, Sir, the Finance Member will say: "How are we to find money if we give any relief to the tax-payer at this time?"

[At this stage Mr. President (the Honourable Mr. R. K. Shanmukham Chetty) resumed the Chair.]

From the list of amendments to this Finance Bill, the Finance Member will find that almost all the amendments centre round only two or three things, namely, the reduction of postal rates and the removal of surcharge on income-tax and the raising of the minimum taxable income.

Sir, for years we have been discussing the Army Budget and we have been pressing upon Government to reduce the heavy military expenditure, and for years we will continue to do so until the Military Budget is reduced to its proper proportions. Of course we are grateful to the Military authorities for considerably reducing the expenditure on the Army, but there are still avenues, there is still scope for a larger reduction in the Military Budget. Diwan Bahadur Mudaliar has exposed the waste of money on the Engineering and Medical sides of the Army. If only the Military authorities rise to the occasion and see the extreme economic depression in the country, they can easily reduce the Military expenditure still further by two or three crores of rupees which would enable the Finance Member to give relief in taxes in some shape or other. Sir, I had already, during the course of the Budget, dealt with some cuts in connection with income-tax. I then pleaded for the removal of the surcharge which comes to nearly 8½ crores. I have already stated at some length how this amount could have been met. As I have stated, it could easily have been met by reducing the provision for the reduction and avoidance of debt. The Finance Member has even this year provided the full amount of six crores and 80 lakhs for the reduction or avoidance of debt. He could have easily reduced something like two crores in order to give relief to the tax-payer. Further, Sir, he has provided for the instalment of payment on war loan, not only for this year, but for the previous year, that is, for the December instalment. He has provided for the full amount this year also, though His Majesty's Government in Great Britain have not asked us for any payment of interest. This is what he said in paragraph 47 of his Budget Speech:

"His Majesty's Government have, however, agreed not to demand any payment due at the present time from their own debtors—India and the Dominions—pending a final settlement of the War Debt question. How that will be settled no one knows, but I hope that it will be in a manner which will bring relief to the debtor nations", etc.

Sir, when His Majesty's Government have not claimed interest on our war debts, there is no reason why we should make provision in this Budget. Further, the Finance Member has himself expressed the hope that there may be a settlement favourable to India; and so, after one year, the Finance Member may find that there was no necessity for making this provision. Again, the Finance Member has also made provision for the payment of instalment of war debts. That also is not necessary, because the whole question of payment of war debts is still under consideration. It may be that we may get complete relief in payment of war debt. Of course the Honourable the Finance Member, as the custodian of the purse of the Government of India, does his duty when he has made

all these provisions to provide for a wintry day. But, Sir, we expect more relief, not only in these war loan debts, but also in the way of capitation charges. A Tribunal has already sat and submitted a report and there also we expect some relief. There are so many ways of getting extra money in this year, and so, Sir, nobody would find fault with the Honourable the Finance Member if he has not made any provision for all these things and giving relief to the tax-payer in one or two instances. For payments of interest on war loan, Honourable the Finance Member has made provision to the extent of 87 lakhs and another few lakhs by way of payment of instalment of war debts. All these will nearly come up to two crores of rupees. Thus by saving these two crores of rupees and by reducing provision for reduction and avoidance of debt by two crores, he could easily acquire $4\frac{1}{2}$ crores and thus give relief in some directions. If he had done so, the whole country would have been greatly indebted to him. Sir, I do not wish to take any more time of the House and, with these words, I resume my seat.

Kunwar Hajee Ismail Ali Khan (Meerut Division: Muhammadan Rural). Sir, this is the occasion when every Member is entitled to have the privilege to put his grievances before this House, and I take the opportunity and lay my views before you and the House. I have recently made a short tour of my constituency, and I am sorry to observe that every responsible person in my constituency made a grievance about the taxes in general and the income-tax in particular. I always support the Government like a responsible person so far as the matter of law and order is concerned, but when the matter of taxes is concerned, I have to yield before my electorate to whom I am responsible. Every one of us is dissatisfied about the high taxes and enhanced postage. Last year, Sir, when the Finance Member put the Finance Bill before this House, he gave a definite assurance that all these new taxes would be a temporary measure. I cannot understand the definition of a "temporary measure"—whether it is for a year or two, three or four years or for ever.

Another thing to which I want to draw the attention of the Government is about the convenience of the Members. Sir, your predecessor appointed a House Committee. I was also a Member of that Committee and we made several recommendations to the Government, but not a single recommendation has been accepted by the Industries and Labour Department.

There is another thing about a motor shed. In the month of March the weather becomes very hot and it is a cause of great inconvenience to the poor people, the drivers of motor cars, waiting with the cars of Members under the strong sun. A similar complaint may be made with regard to Simla. Mr. President, you are aware that we generally have very heavy rains in Simla and there is no shelter for the poor rickshaw coolies in which they can protect themselves from the weather, while waiting for the Members during the Session time. When I put a question in this House on the subject, there was the stereotyped reply from the Government about the financial stringency. I do not know, Sir, how this plea of financial stringency is put forward by Government in the case of these useful recommendations, whereas, in regard to other things, such as Army expenditure, the financial stringency is not taken into consideration. With these few words, I oppose the new taxes and urge upon the Government to consider and give some facility to the poor man by reducing at least the surcharge and the enhanced postage.

Major Nawab Ahmad Nawaz Khan (Nominated Non-Official): Sir, I do not want to flatter the Honourable the Finance Member, but I honestly congratulate him for doing a very great service to India which, I believe, none of his predecessors had the chance of doing, i.e., to save the credit of India during such an unprecedented economic depression and the very great financial troubles. There is a proverb in India: *Lakh jai par sakh na jai*: which means the loss of money is less ruinous than the loss of credit. We all should appreciate his good will and the labour he has done under the trade depression all over the world to save the credit of India. We have unquestionably financial troubles by the increase in taxation. It is just like a man who has fever, but has a sure and certain safety from death. Today we are all crying against the increase of taxes, but we should think honestly for a moment that, God forbid, if India would have lost her credit in the world, how much gloomy would have been the atmosphere here and what would have been our case. And then, what would have been the remedy? Perhaps, in that case, we would all turn round to the Finance Member and every Honourable Member would perhaps be trying his best to support him in the increase of taxation too heavily and in a more practical way than the present one so as to save really the honour of the country.

Many Honourable Members rightly feeling the responsibility to their constituencies wish to try to reduce these taxes, but they should realise justly in the same way the greatest responsibility of the Government and the Honourable the Finance Member which is on a very large scale. Many Honourable Members are only responsible to a small circle of districts in India while the responsibility of the Finance Member and the Government is for the whole of the Indian Empire, rather for the whole world, I should say.

Mr. Lalchand Navalrai: What is the responsibility of your constituency?

Major Nawab Ahmad Nawaz Khan: You are not a child that you cannot understand what is my responsibility.

Mr. Lalchand Navalrai: Does anybody understand you?

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): His responsibility is to support Official Benches.

Major Nawab Ahmad Nawaz Khan: If the Finance Member were to please every Honourable Member and accept the criticism or the arguments for the reduction of taxes suggested by the Honourable Members, it will not be one or two taxes, but more than a hundred taxes which he will have to reduce, and the result of that would be to incur such an enormous loss of revenue as would paralyse the Government at once and would cause discredit to the whole of India. Every Honourable Member points out, according to his own interest or the interest of the constituencies he represents, the reduction of taxes on a particular trade or commodity. For instance, on the income-tax question people always say that it has very much increased and that the rates should be reduced. But take the agriculturists in comparison. Even if his income is so small as eight or ten rupees a year, he has to pay taxes, *viz.*, land revenue on that small amount. The agriculturist is always complaining that the ordinary tax payer is very much better . . .

An Honourable Member: Why do you not plead for the remission of this taxation?

Major Nawab Ahmad Nawaz Khan: I agree that everybody considers his own interest and generally ignores the interests of others. Even if you take the case of the agriculturists, those who grow sugar cane want that the land revenue or tax on sugar cane should be less than on other commodities; but take the wheat growers; they say that the taxation should be more on sugar cane and less on wheat. So . . .

Mr. C. C. Biswas: So you would want a more substantial subsidy for the North-West Frontier Province?

Major Nawab Ahmad Nawaz Khan: If you are so kind as to give more, then who does not want more money? Sir, I support the Finance Bill, because it is not a new Bill at all; it is an old remedy which has been proved so useful for the old financial disease. None of the Honourable Members have proved that the economic trouble of the time when this Finance Bill was introduced last time has now changed, and the situation in India is far better now than it was before and, therefore, there is no necessity for it. It is a very convincing and reasonable argument in support of this Bill that so long as the old financial trouble continues, logically we should have to continue the same useful remedy which was adopted and has proved a very useful one. Many Honourable Members, not realising the difficulties of Government, but only for the sake of pleasing their constituencies, have criticised the Budget to a great extent. If they merely mean to talk in the House, it is quite alright. But if they really mean that by their talks these taxes should be reduced, then it seems very unreasonable and impossible. Yesterday, my Honourable friend, Bhai Parma Nand, blamed the Government or the Prime Minister for the Communal Award. If we think over that point calmly, coolly and impartially, I think we Indians should blame ourselves and not the Government. It was given, because of the inability of the Indians to come to any amicable settlement among themselves. The Government were not desirous of giving any award. It is no advantage to the Government in any way. The Prime Minister neither belongs to the Muslim community nor to the Sikh community nor to the Hindu community, socially, nationally or religiously. The Government in India and His Majesty's Government in London asked the delegation to the Round Table Conference there and the other Indian leaders here that if by mutual consent they could come to some settlement, whether it was useful or not to any particular community, that settlement would be acceptable to His Majesty's Government. It is rather a shame for us, Indians, that we were not able to settle anything and now to blame the Government for it, and specially when we requested the British Government to settle this matter. Now, when the Government reluctantly has settled that question, we should not blame the Government. It is not right, though it may not suit any Honourable Member of the opposite side. It is also a kind of justice and impartiality that if you cannot please all the people, it is much better to do such justice that many of the people are not pleased with that. So, when it is said that the Communal Award has not pleased any community in India, I say that is a good point in its favour and it shows that the Prime Minister never wished to join with, or to be dictated by, any particular community. If he had joined wholeheartedly with the Muslims, then he would have given all what the Muslims

[Major Nawab Ahmad Nawaz Khan.]

wished; or if he had joined the Hindus, he would have given everything to the Hindus. But he and His Majesty's Government have seen that the different communities are fighting over social and political questions and, for their own future advancement, they cannot come to any mutual settlement; therefore, as the Paramount Power, it was their duty to think out and decide what was just for each community. Nothing less and nothing more. Sir, I do not wish to take up any more time of the House, and I beg to support the Finance Bill and to congratulate the Finance Member.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 15th March, 1933.

APPENDIX.*

Mr. N. B. Gunjal (Bombay Central Division : Non-Muhammadan Rural) : My Honourable friend, Sir George Schuster's motion for the Standing Finance Committee has already come in for a considerable amount of criticism. The Budget which is issued under the authority of the Cabinet is full of defects. And the more so for the fact that the Standing Finance Committee is not allowed to deliberate upon it. The Standing Finance Committee is only allowed a very short time for examining the Budget as closely as it should have wished and, besides, having limited rights, they have neither the time nor the opportunity for making any recommendatory changes. When I was a Member of the Bombay Legislative Council, Sir Chuni Lal Mehta used to be the Finance Member. At that time a similar discussion had arisen and it was urged that the Standing Finance Committee should be consulted before the Budget was prepared. I am reminded today of how Sir Chuni Lal Mehta listened to all that the House had to say on the matter, before he prepared his Budget. If the Honourable Sir George Schuster had taken the Standing Finance Committee more in confidence, such complaints and criticisms as the House has heard would not be forthcoming. May I hope for the Finance Member's careful consideration of my suggestion towards strengthening the hands of the Standing Finance Committee.

*Vide p. 2007 of these debates dated the 13th March, 1933.