

3rd March, 1934

THE

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume II, 1934

*(17th February to 10th March, 1934)*

SEVENTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY,  
1934



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1934.

# Legislative Assembly.

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# LEGISLATIVE ASSEMBLY.

Saturday, 3rd March, 1934.

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

## QUESTIONS AND ANSWERS.

### DAMAGE FROM FLOODS SUFFERED BY THE ROHTAK AND GURGAON DISTRICTS.

336. \*Mr. J. Ramsay Scott (on behalf of Mr. G. Morgan): (a) Is it a fact that both the Rohtak and Gurgaon districts suffered severe damage from floods in September, 1933?

(b) Has the Rohtak district received any sum for relief from the Famine Relief Fund or from any other Government of India Fund? If so, will Government please state the amount?

(c) Is it a fact that the Gurgaon districts received Rs. 20,000 from the Famine Relief Fund and Rs. 10,000 from the Indian People's Famine Trust?

(d) Is it a fact that out of those amounts the Ingram-Skinner estate, comprising 30 villages, received only Rs. 915 in cash?

(e) Will Government please state whether the distribution of relief funds was the same *per capita* for both the Rohtak and Gurgaon districts? If not, why not?

Mr. G. S. Bajpai: (a) Yes.

(b), (c), (d) and (e). According to information received in November last, the Punjab Government distributed a sum of Rs. 60,000 from the Provincial Famine Relief Fund for the relief of distress in flooded areas in the districts of Rohtak, Gurgaon, Karnal and Ambala. A sum of Rs. 50,000 was also granted for the same purpose from the funds of the Indian People's Famine Trust. The Government of India have no information as to the allocation of these grants between the various districts or as to the basis on which the allocation was made by the Local Government.

Mr. B. Das: May I inquire if the Government of India grant donations from the Indian People's Famine Trust based on the need of the people and if the allotment of Rs. 40,000 to Orissa floods was in the same proportion as the Rs. 50,000 given to the Rohtak district?

Mr. G. S. Bajpai: In the first place, I should like to make it clear that the allocation is made not by the Government of India, but by the Committee of Management of the Indian Famine Trust.

As regards the second part of my Honourable friend's question, I would refer him to my answers which I gave to the supplementaries asked by Mr. Sitakanta Mahapatra in the last Session of the Assembly.

**Mr. J. Ramsay Scott:** Will Government be pleased to obtain particulars?

**Mr. G. S. Bajpai:** No, Sir, because this is primarily a matter of provincial concern and can suitably be raised in the Provincial Council.

**GRIEVANCES OF DECK PASSENGERS ON BRITISH INDIA STEAM NAVIGATION BOATS PLYING BETWEEN BOMBAY AND DURBAN.**

**337. \*Maulvi Sayyid Murtuza Saheb Bahadur:** (a) Has the attention of Government been drawn to a statement made by Mr. Ismail Ahmed of South Africa and published in the *Bombay Chronicle*, dated the 5th May, 1933, regarding the grievances of deck passengers on British India Steam Navigation boats plying between Bombay and Durban?

(b) Is the allegation, contained in the statement, that no urinal is provided for deck passengers who may number from 1,000 to 1,200, true?

(c) Is it a fact that no water tap is provided for deck passengers using the upper deck?

(d) Is it a fact that when the boat stops at a port—say Mombasa,—the deck passengers have no shelter from rain, wind and the burning sun—sometimes for three or four days?

(e) Has any representative of the Government of India acceded to the request made by Mr. Ismail Ahmed that he should personally visit the two boats "Tairea" and "Takliwa" of the British India Steam Navigation Company?

(f) Do Government propose to take any steps to redress the grievances and lessen the hardships of the African deck passengers?

**The Honourable Sir Joseph Bhoré:** (a) Government have seen the statement referred to.

(b)—(f). Enquiries are being made and a reply will be laid on the table of the House as soon as possible.

**SHIFTING OF THE HEADQUARTERS OF THE AGENT TO THE GOVERNOR GENERAL OF THE EASTERN STATES AGENCY FROM RANCHI TO SAMBALPUR.**

**338. \*Mr. Sitakanta Mahapatra:** (a) Will Government be pleased to state if it is a fact that the headquarters of the Agent to the Governor General of the Eastern States Agency are proposed to be shifted from Ranchi to Sambalpur?

(b) Is it a fact that Sambalpur is more centrally situated than Ranchi, and that from this place most of the States have been supervised for a long time?

**Mr. H. A. F. Metcalf:** (a) and (b). Ranchi has been chosen temporarily as the headquarters of the Eastern States Agency, and the advantages, if any, of Sambalpur as the headquarters of the Agency will be taken into consideration when the time comes for reaching a decision on the location of the permanent headquarters. The attention of the Honourable Member is invited to the reply given by me to Mr. B. N. Misra's question No. 1062 on the 1st April, 1933.

**EXPENSES INCURRED FOR ESTABLISHING THE HEADQUARTERS OF THE AGENT TO THE GOVERNOR GENERAL OF THE EASTERN STATES AGENCY AT RANCHI.**

339. \*Mr. Sitakanta Mahapatra: (a) Will Government be pleased to state what have been the preliminary expenses for establishing the headquarters of the Agent to the Governor General for the Eastern States Agency at Ranchi, such as:

- (i) new buildings, if any,
- (ii) monthly rent for hiring buildings, if any, and
- (iii) other necessary expenses?

(b) Is it a fact that most of these expenses could have been avoided had the offices been opened at Sambalpur?

(c) Is it not a fact that the situation of the Agent's Office at Ranchi and one of the Secretary's Office at Sambalpur leads to duplication of office staff and extra expenses?

(d) Is it a fact that there are enough buildings at Sambalpur to accommodate the Agent's Office without any extra expenses?

Mr. H. A. F. Metcalfe: (a) (i) No new buildings have been constructed at Ranchi.

(ii) The monthly rent of buildings payable by Government is Rs. 178.

(iii) The following other preliminary expenses have been incurred:

	Rs.
Cost of furniture so far purchased . . . . .	5,092
Cost of office equipment . . . . .	1,384
Transportation of records, etc. . . . .	1,150
Total . . . . .	7,626

(b) No.

I would add that economy was one of the strongest considerations when the existing arrangements were made. The attention of the Honourable Member is invited to the reply given by me on the 1st April, 1938, to Mr. B. N. Misra's question No. 1062.

(c) No.

(d) No.

**CREATION OF NEW OFFICE OF THE POLITICAL AGENT FOR THE STATES OF ORISSA AND THE CENTRAL PROVINCES.**

340. \*Mr. Sitakanta Mahapatra: (a) With reference to the starred question No. 1063, dated the 1st April, 1938, page 3012 of the Legislative Assembly Debates, Vol. IV, 1938, regarding creation of the new office of the Political Agent for the States of Orissa and the Central Provinces, will Government be pleased to state if the arrangements as contemplated in their reply to part (vii) have been modified to any extent?

(b) Are Government now prepared to make a statement as regards parts (viii) and (ix) of the said question?

Mr. H. A. F. Metcalfe: (a) No, except that one post of Assistant has been kept in abeyance and the savings utilised to engage three temporary typists.

(b) As regards part (viii) of the previous question the percentage of Oriyas in the Agency establishment is 76. As regards part (ix) 18 clerks were taken from the Political Agent and Commissioner's office and seven more have since been taken in leave and other vacancies.

**Mr. Sitakanta Mahapatra:** What are the nationalities of the extra men taken?

**Mr. H. A. F. Metcalfe:** I could not hear the question.

**Mr. Sitakanta Mahapatra:** What are the different communities to which the extra staff taken belong?

**Mr. H. A. F. Metcalfe:** I cannot say, Sir. That does not arise out of this question. The question was, how many clerks were taken from the Political Agent's office. That question I have answered.

### UNSTARRED QUESTIONS AND ANSWERS.

#### APPOINTMENT OF PRESS MANAGERS AS CONTROLLER OF PRINTING AND STATIONERY.

101. **Mr. D. K. Lahiri Chaudhury:** Do Government propose to do away with the practice of appointing Press Managers to the Controllership as the head of the Printing and Stationery Department?

**The Honourable Sir Frank Noyce:** Government propose, as in the past, to select the best officer available. Experience in the management of a press, while not indispensable, is a valuable qualification and Government have no intention of excluding qualified Managers from consideration.

#### GAZETTED OFFICERS WITH UNIVERSITY QUALIFICATIONS IN THE PRINTING AND STATIONERY DEPARTMENT.

102. **Mr. D. K. Lahiri Chaudhury:** How many gazetted officers are there in the Printing and Stationery Department with University qualifications?

**The Honourable Sir Frank Noyce:** Three.

#### GRADUATES IN THE PRINTING AND STATIONERY DEPARTMENT.

103. **Mr. D. K. Lahiri Chaudhury:** (a) How many graduates are there in the Printing and Stationery Department drawing a salary from Rs. 200 and above?

(b) How many graduates are there in the Printing and Stationery Department drawing a salary from Rs. 100 to Rs. 200?

(c) How many graduates are there in the Printing and Stationery Department drawing a salary from Rs. 80 to Rs. 100?

**The Honourable Sir Frank Noyce:** The information has been called for and will be placed on the table of the House in due course.

**APPOINTMENT OF THE MANAGER OF PUBLICATIONS BY THE CONTROLLER OF PRINTING AND STATIONERY.**

**104. Mr. D. K. Lahiri Chaudhury:** Will Government please state whether it is a fact that, by a recent notification, the Controller of Printing and Stationery has been vested with the power of making appointment to the post of Manager of Publications without the sanction of the Government of India? If so, will Government please state the reason behind the issue of the notification?

**The Honourable Sir Frank Noyce:** Yes, but this delegation of power is subject to any general or special orders which may be issued in this behalf by the Governor General in Council. Similar delegation of power in respect of posts in Central Service Class II has been made to other heads of Departments also as a matter of general policy under rule 84 of the Civil Services (Classification, Control and Appeal) Rules.

**PROMOTION TO PERMANENT VACANCIES IN THE CENTRAL PUBLICATION BRANCH.**

**105. Mr. D. K. Lahiri Chaudhury:** (a) Is it a fact that the officiating Manager of the Central Publication Branch has of late reported to the Controller of Printing and Stationery that some men, who were eligible for promotion to the permanent and quasi-permanent vacancies in assistant's grade from the clerical grade of the office, intimated their unwillingness to accept the lift?

(b) Is it a fact that on the above ground he advanced the suggestion of appointment of his own nominees, viz., Messrs. Prithi Singh and Charan Das in the vacant posts in the assistants' grade?

(c) How many men in the permanent cadre were actually offered the promotion?

(d) What are their names?

(e) Who are the men who declined the offer of promotion to the higher ministerial rank?

(f) Is it a fact that some men expressed their willingness to accept the promotion in writing?

(g) Do Government propose to inquire thoroughly what considerations weighed with the Manager of Publications in brushing aside the claims of senior permanent men of the office?

(h) How many clerks in the permanent cadre of the office had had promotions in the officiating capacity in the assistants' grade previously since 1925? What are their names? What are the respective lengths of their officiating period?

(i) Were all these men offered promotion? If not, why not?

**The Honourable Sir Frank Noyce:** (a) Yes.

(b) The men were recommended on the ground of efficiency.

(c), (d) and (e). No men were actually offered promotion to the Assistants' grade, but three men who were asked if they would accept a post if offered, declined.

(f) Yes.

(g) No.

(h) and (i). Government are not in possession of this information.

**AMOUNTS ADVANCED TO THE CENTRAL PUBLICATION BRANCH STAFF ON TRANSFER FROM CALCUTTA TO DELHI.**

106. **Mr. D. K. Lahiri Chaudhury:** (a) Are Government aware that the amounts advanced by the Central Publication Branch to the staff of the office to meet the transportation charges of personal effects, in consequence of transfer from Calcutta to Delhi, are being realised from the majority of the staff under orders of the Controller on the ground that the staff failed to produce the luggage receipt in support of expenditure?

(b) Is it a fact that the aggrieved staff sent up memorials to the Joint Secretary to the Government of India, Department of Industries and Labour, praying for exemption from submission of luggage receipts and passage of their respective travelling allowance bills unsupported by luggage receipts?

(c) Is it a fact that the Controller of Printing and Stationery in Calcutta was wired to by the staff, praying for the staying of the orders for refund pending the decision of the memorials?

(d) Is it a fact that the Controller replied back to the staff telegraphically that the matter was referred to Government?

(e) Is it a fact that the memorials were withheld by the Controller? If so, under what circumstances?

(f) Will Government please state how the Controller's telegram to the staff, intimating reference to Government and his action withholding the memorials, are reconcilable?

(g) Will Government please lay on the table a statement showing the net salaries drawn by the staff for the months of December, 1933, and January, 1934?

(h) Is it a fact that such a statement was obtained by the Headquarters office of the Controller of Printing and Stationery in disposing of the memorials?

(i) Do Government propose to inquire into the extent of hardships the majority of the staff have been experiencing due to the recovery of the amount drawn in three instalments?

(j) Is it a fact that there are about a dozen men who are getting net salaries, after deduction, ranging between Rs. 5-14-0 to Rs. 20?

(k) Do Government propose to review the position in a sympathetic light?

**The Honourable Sir Frank Noyce:** (a), (b), (c) and (d). Yes.

(e) The memorials were withheld because the memorialists asked for a pecuniary concession to which they had no claim.

(f) An informal reference was made to my Department.

(g), (h) and (j). Government have no information and I do not propose to lay a statement on the table. But if there is such a statement in the Controller's office, I do not doubt that he will be willing to allow any Honourable Member to inspect it.

(i) Government do not consider that any hardship is involved in the recovery of money advanced for travelling allowance which proved to be in excess of the expenditure for which it was granted.

(k) Government have no such review in contemplation, but the Controller is inquiring into allegations that travelling allowance has been drawn improperly in certain cases.

#### HOURS OF DUTY IN THE RAILWAY SCHOOL OF TRANSPORTATION, CHANDAUSI.

107. **Mr. S. G. Jog:** Will Government please state:

- (a) the duty hours of each class of Government servants employed at the Railway School of Transportation, East Indian Railway, Chandausi, during the period (i) 1st April, 1932 to 31st March, 1933, (ii) 1st April, 1933 to 30th June, 1933, (iii) 1st July, 1933 to 31st October, 1933, and (iv) 1st November, 1933 to 31st January, 1934;
- (b) the number of persons employed in each class of Government servants during the said periods respectively;
- (c) the reasons for any fluctuations?

**Mr. P. R. Rau:** Government have no information.

#### BRITISH INDIAN ARMY SENT TO THE ALWAR STATE.

108. **Mr. S. G. Jog:** (a) Is it a fact that the British Indian Army was sent into the Alwar State territory at the beginning of last year to restore order in the State?

(b) What was the composition of the Army, both Indian and British troops, and what were the names of the battalion, etc?

(c) How long did they stay in Alwar?

(d) How many troops have returned to their headquarters and how many still remain there?

(e) If some troops still remain at Alwar, for how long is their presence there necessary?

**Mr. G. R. F. Tottenham:** (a) and (b). The attention of the Honourable Member is invited to the answers I gave on the 7th February, 1933, and the 8th March, 1933, to starred questions Nos. 232 and 712, respectively. The troops were:

*Cavalry*.—The Central India Horse (21st King George's Own Horse), less one squadron;

*Signals*.—3rd Cavalry Brigade Signal Troop;

*Infantry*.—1st Battalion Kumaon Rifles, subsequently relieved by the 4th Battalion, 8th Punjab Regiment;

*Royal Tank Corps*.—Detachment, 8th Armoured Car Company (One Section);

*Indian Army Service Corps*.—Detachment, 89 Section,

No. 24 Mechanical Transport Company; Detachment, 43 Section,

No. 25 Mechanical Transport Company; Detachment No. 17 Independent Brigade Supply Company.

(c) Seven months and four days.

(d) All troops have returned to their peace stations.

(e) Does not arise.

**BRITISH INDIAN ARMY SENT TO THE ALWAR STATE.**

**109. Mr. S. G. Jog:** (a) Will Government please state the cost of the expedition sent at the beginning of last year to Alwar State up to 31st December, 1933?

(b) How do Government propose to meet this expenditure?

(c) Has any amount towards this expenditure been recovered from the State? If not, why not?

(d) Will Government kindly state the policy when an expenditure of this nature has been incurred in an emergency?

**Mr. G. R. F. Tottenham:** (a), (b) and (c). Claims for Rs. 2,23,195, representing expenditure brought to account up to the 31st December, 1933, have been preferred against the Alwar Durbar. A sum of Rs. 16,565 has been realised from the State so far and action to recover the balance has been taken.

(d) Expenditure in such cases is met by the State concerned.

**AMBALA CANTONMENT ADMINISTRATION PROCEEDINGS IN THE JUDICIAL COURTS OF AMBALA.**

**110. Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that in his last inspection report, the Inspecting Officer, Military Lands and Cantonments, Northern Command, has made the following observations relating to the conduct of proceedings in Judicial Courts of Ambala, in civil cases arising out of the administration of the Ambala Cantonment:

"The situation is very unsatisfactory and connotes a spirit of non-co-operation and lawlessness among the civil population as a whole.

The Board is experiencing great difficulty in removing unauthorised buildings by the action of the local Civil Courts in issuing injunctions on the Board to refrain from dismantling these buildings.

The Executive Officer finds it extremely difficult to carry out the Board's orders to dismantle unauthorised buildings owing to the action of the Civil Courts in granting injunctions against the action by the Board."

(b) Are Government aware that a resolution condemning such indirect strictures on the working of the Judicial Courts of Ambala has been tabled for the next meeting of the elected Board of the Ambala Cantonment?

(c) Are Government aware that people regard such observations as an attempt to influence Judicial Courts in favour of Military Officer's action in the Cantonment Board?

(d) Do Government propose to take action to stop such remarks on the conduct of judicial affairs in the King's Judicial Courts at Ambala?

**Mr. G. R. F. Tottenham:** (a) Yes.

(b) No.

(c) and (d). Government are quite sure that the observations were not intended in any way to influence the judicial courts, but they will bring the matter to the notice of the authorities concerned.

**REVISION OF THE WATER AND SCAVENGING TAXES IN THE AMBALA CANTONMENT.**

**111. Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that water and scavenging taxes in the Ambala Cantonment have been revised in the special meeting of the Board held on the 9th February, 1934, on the following lines:

- (i) That both the taxes be levied upon people living in houses of the rental value of Re. 1 a month hitherto exempt from the payment of these taxes;
- (ii) That both the taxes be levied upon shops, offices, workshops, etc., not taxed so far,
- (iii) That a scavenging tax be levied even on houses having no 'latrines', hitherto exempt from that tax;
- (iv) That both the taxes be levied on religious and charitable buildings hitherto exempt from those taxes;
- (v) That the minimum scavenging tax to be charged in case of a building having a rental value of Rs. 3 a year be 8 annas a month; and
- (vi) That both the taxes be in future realised from the owners of buildings and not from the tenants as has been the practice so far?

(b) Are Government aware that out of seven non-official members of the Ambala Cantonment Board, only one member supported the above revision of taxes and that the revision was made with the help of the official majority?

(c) Is it a fact that the revised proposals, as sanctioned by the majority of the Board on the 9th February, 1934, were published by the Executive Officer on the 14th February, 1934, with the intimation that objections, if any, to those proposals be submitted to him by or on the 16th February, 1934?

(d) Will Government be pleased to explain, under what section of the Cantonments Act, the Executive Officer has published the proposals for public objections and allowed two days time for submitting the same?

(e) If there be no section in support of this action of the Executive Officer, what steps do Government propose to take to stop this illegality committed by the officer concerned?

**Mr. G. R. F. Tottenham:** I have no information. I am making enquiries and will lay a reply on the table in due course.

**SADDAR BAZAR SEPARATION COMMITTEE, AMBALA.**

**112. Khan Bahadur Haji Wajihuddin:** (a) Have Government received certain communications desiring

- (i) that the terms of reference of the Saddar Bazar Separation Committee, Ambala, and the Saddar Bazar Separation scheme prepared by the Inspecting Officer, Northern Command, be published;
- (ii) that the meeting of the Committee be open to the public; and

(iii) that the Committee should frame a questionnaire and publish the same to invite public opinion and should examine witnesses representing the important interest and communities of the Cantonment?

(b) If so, what action have Government taken in the matter?

**Mr. G. R. F. Tottenham:** (a) The answer is in the negative.

(b) Does not arise.

#### EXCISION OF THE SADDAR BAZAR FROM THE AMBALA CANTONMENT.

113. **Khan Bahadur Haji Wajihuddin:** (a) Will Government be pleased to state and explain the reasons that have led them to consider the possibility of the excision of the Saddar Bazar from the Ambala Cantonment?

(b) Is the excision of populous Saddar Bazar from the Cantonment a matter of general policy or are there any special reasons for separating the Saddar Bazar in case of the Ambala Cantonment only?

(c) Did the Government of India ask the Local Government to report about the desirability of such a separation in the case of Ambala?

(d) Have Government received such a report, and, if so, what is the recommendation of the Local Government?

(e) Has any scheme of the excision of the Saddar Bazar from the Ambala Cantonment been prepared by the Inspecting Officer, Military Lands and Cantonments, Northern Command? If so, do Government propose to publish the scheme for the information of the Ambala public?

(f) Is it a fact that a Saddar Bazar Separation Committee has been appointed to consider the possibility of separation according to the above scheme or by any modification thereof?

(g) Is it a fact that public meetings have been held in the Ambala Cantonment under the auspices of the Residents' Association, Ambala, protesting against the insufficiency of non-official representation on the above Committee and demanding that the number of non-official members should be equal to the number of official members on the Committee and that the right of nominating non-official members should be extended to the Residents' Association or to its parent body, the All-India Cantonments Association?

(h) What action have Government taken in this matter? If the appointment of members to this Committee be in the power of the Local Government, do Government propose to ask that Government to consider the Residents' Association's suggestions?

(i) What action do Government propose to take to ensure that the views of the Ambala people as regards excision on its various aspects would be known to the above Committee before submitting its report?

**Mr. G. R. F. Tottenham:** (a) and (b). The question of the separation of the Sadar Bazar from the Ambala Cantonment has been under consideration for a long time. In 1919, the All-India Cantonments Association passed a resolution demanding the separation of sadar bazars from cantonments. At their Conference in January, 1922, the All-India Cantonments Association again pressed for the immediate separation of sadar bazars from cantonments. It was recognised that some sadar bazars had

grown far larger than was actually necessary for the requirements of cantonments. Government then accepted the general principle that, wherever it was geographically and administratively practicable and convenient, sadar bazars should be excluded from cantonments and either formed into a separate municipality or included in some existing adjacent municipality. Ambala was considered to be one of the cantonments which fulfilled these conditions; exclusion was also considered desirable on administrative grounds. The Punjab Government was accordingly asked in March, 1922, to consider the question of excluding the Sadar Bazar, Ambala. The Local Government favoured separation and appointed a committee to frame detailed recommendations. The report was duly considered by the Local Government and the Government of India, but a change took place in popular opinion owing to the introduction of Cantonment Reforms in 1923-24 and it was decided to drop the proposal for the time being. When this decision was reached it was realised that the question might have to be reconsidered if experience showed that the task of administering this large Sadar Bazar under the new Cantonment Act was too heavy a burden for the military authorities. This has proved to be the case, and for this reason and also because the administration of large civil areas is not an appropriate military function and imposes a heavy responsibility on the military authorities to the detriment of their more legitimate duties, the question of separating the Sadar Bazar was re-opened in March, 1932, and has been under consideration ever since. At a conference with the representatives of the All-India Cantonments Association, in June, 1932, the question of separating sadar bazars from cantonments was raised and the possibility that the Sadar Bazar in Ambala might be excised was mentioned to the deputation, and it was understood that the people would not object to such a course.

(c) The views of the Local Government were invited on the question of the practicability of excluding the Sadar Bazar from the Cantonment.

(d), (e) and (f). A provisional scheme prepared by the I. O., M. L. and C., Northern Command, is being examined on the 1st March 1934 and subsequent days by a committee appointed by the Local Government consisting of representatives of the Government of India and the Local Government, and two non-official members nominated by the Local Government to represent the interests of the Sadar Bazar and the remaining area. The Local Government will submit their recommendations to the Government of India after the committee have submitted their report and it is not considered desirable to publish the provisional scheme meanwhile.

(g) The Honourable Member's information is no doubt correct.

(h) The wishes of the Association have been brought to the notice of the Local Government and the Honorary Secretary, All-India Cantonments Association, has been informed that this has been done. The selection of non-official members for the committee is the concern of the Local Government, who appointed the committee.

(i) Government do not propose to take any further action in the matter.

#### **BYE-LAWS ABOUT CONSTRUCTION OF BUNGALOWS IN CERTAIN CANTONMENTS.**

114. **Khan Bahadur Hajj Wajihuddin:** (a) Is it a fact that the Northern Command has issued orders, under section 52(1)(a) of the Cantonments Act of 1924, to certain Cantonments under its control, to frame

bye-laws under section 186 (b) to enforce that all bungalows to be built in these Cantonments in the future should conform to certain standard plans and designs to be prescribed by the Cantonment Authorities?

(b) Are Government aware that such bye-laws have been introduced in the Ambala and Rawalpindi Cantonments against the wishes of the elected members of these Cantonments?

(c) Will Government be pleased to state the nature of these bye-laws and explain how they are connected with the provisions of section 186 (b)?

(d) Will Government be pleased to state the reasons for directing the framing of such bye-laws? Are Government aware that these will operate very prejudicially to the interests of the house-owners?

(e) Is it a fact that the sub-clauses given under section 181 of the Cantonments Act already ensure that all residential buildings should be safe and constructed on sanitary principles? What was the necessity for the new bye-laws? Why is uniformity of design and plan considered necessary in the future bungalows of the Cantonments?

(f) Are Government aware that the re-building of houses according to the prescribed design and plan will entail a heavy cost to the house-owners, and are Government aware that the majority of them cannot afford to meet such expenses in these days of economic depression?

(g) Are Government prepared to give an assurance that this is not a move to *resume lands* on the ground of the owners' inability to re-build dilapidated houses according to the plan and design prescribed?

(h) Will Government please explain their position in full in this matter to allay the feeling roused among the house-owners of Cantonments?

**Mr. G. B. F. Tottenham:** I have called for a report and will lay a reply on the table in due course.

#### CRITICISM BY CANTONMENT BOARD MEMBERS OF THE GOVERNMENT OF INDIA.

115. **Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that an elected member of the Ambala Cantonment Board was criticising certain instructions received from the Government of India and the Northern Command about taxation in the Ambala Cantonment in the special meeting of the Board held on the 9th February, 1934, when the President called the member to order by remarking that the oath of allegiance taken under section 18 of the Cantonments Act militated against such criticism against the Government of India?

(b) Is it a fact that the following ruling has been recorded in the proceedings of the meeting of the Board referred to above:

"The Chair called Mr.....to order for criticising the Government of India, and ruled that the oath of allegiance prevented the conduct of the Government of India being criticised."

(c) Are Government aware that the above ruling of the President is considered by elected members to be entirely wrong and an abuse of his powers, to stifle legitimate criticism of proposals coming before the Board? Are Government prepared to consider the advisability of issuing necessary instructions in the matter?

**Mr. G. B. F. Tottenham:** Government have no information.

I have called for a report and will lay the reply on the table in due course.

**RULINGS ISSUE BY THE NORTHERN COMMAND TO THE CANTONMENT AUTHORITIES ON VARIOUS MATTERS.**

**116. Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that of late the Northern Command has begun to issue rulings to the Cantonment Authorities under its control on various matters pertaining to Cantonment Administration and also interpretations of the various sections of the Cantonments Act and the rules framed thereunder?

(b) Will Government please state if the Command has got such a power or right under any specified law or convention?

(c) Is it a fact that so far this right has been exercised by the Government of India?

(d) Are Government aware that the Northern Command rulings are frequently challenged by elected members of certain Boards?

(e) Do Government propose to issue instructions that no rulings should be issued by any authority except the Government of India?

**Mr. G. B. F. Tottenham:** (a) Government have no information.

(b) The Officer-Commanding-in-Chief, the Command, has certain statutory powers and functions under the Cantonments Act, and in the absence of any specific evidence to the contrary Government have no reason to believe that he exercises them improperly.

(c) The answer is in the negative.

(d) Government have no information.

(e) No.

**CONSOLIDATION AND TARRING OF THE BANK ROAD IN AMBALA.**

**117. Khan Bahadur Haji Wajihuddin:** (a) Is it a fact that by an order issued under section 25 of the Cantonments Act, the Executive Officer, Ambala, directed the consolidation and tarring of the Bank Road and its extension?

(b) Is it a fact that the consolidation and tarring of this road was not included in the programme of roads sanctioned to be tarred and consolidated during the current year by the Ambala Cantonment Board, and, if so, under what authority?

**Mr. G. B. F. Tottenham:** Information has been called for and a reply will be laid on the table in due course.

**BYE-LAWS PROHIBITING THE CONSTRUCTION OF UPPER STOREYS IN HOUSES IN CERTAIN AREAS IN THE CANTONMENTS.**

**118. Khan Bahadur Haji Wajihuddin:** (a) Is it a fact that the Northern Command has issued orders under section 52 (1) (a) of the Cantonments Act, directing several Cantonments under its control to frame bye-laws under section 186 (b) prohibiting the construction of upper storeys in the houses situated in certain areas including Bazars?

(b) Are Government aware that, acting on these orders, the Cantonment Boards of Rawalpindi and Ambala have framed bye-laws to the above effect?

(c) Will Government be pleased to state what is the object of framing such bye-laws, in whose interest this step has been taken, and how those interests will be served and advanced by such a step?

(d) Are Government aware that, from the Indian point of view, upper storeys of Indian houses are considered to be their healthiest portion and that Indians, not living in bungalows, generally live in the upper storeys?

(e) Are Government aware of the intense and wide-spread dissatisfaction to which the proposed bye-laws have given rise in the Cantonments of Rawalpindi and Ambala?

(f) Do Government propose to direct the withdrawal of these bye-laws by the Cantonment Authorities which have passed them?

**Mr. G. R. F. Tottenham:** I have called for a report and will lay a reply on the table in due course.

#### SUSPENSION OF RESOLUTIONS PASSED BY THE CANTONMENT BOARDS IN THE NORTHERN COMMAND.

**119. Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that of late the Headquarters, Northern Command, have issued a number of orders under section 52 (1) (b) of the Cantonments Act, 1924, suspending resolutions of the elected boards under the control of the Northern Command?

(b) Will Government be pleased to state the number of such orders passed under the above section during the last six months?

(c) Is it a fact that almost all such orders are signed by the Inspecting Officer, Military Lands and Cantonments, Northern Command, on behalf of the General Officer Commanding-in-Chief, Northern Command?

(d) Are Government aware that the Cantonment Board, Ambala, on receiving such an order suspending resolution of the Board sanctioning the construction of the local Gurdwara, questioned the validity of the order on the ground that it was not signed by the General Officer Commanding-in-Chief in whom was vested the power of suspending the resolution under the above section?

(e) Is it a fact that on this objection being raised, the first order signed by the Inspecting Officer for General Officer Commanding-in-Chief was cancelled and that a fresh order signed by the General Officer Commanding-in-Chief himself was issued in its place?

(f) Is it a fact that even after the tacit admission of the above objection raised by the Ambala Cantonment Board, the Inspecting Officer has been issuing similar orders under his own signature on behalf of the General Officer Commanding-in-Chief?

(g) Are Government aware that orders under section 52 (1) (b) were issued in six cases in December last and that the Inspecting Officer has signed all these orders on behalf of the General Officer Commanding-in-Chief?

(h) Do Government propose to issue instructions that orders issued under the Statutory powers vested in the General Officer Commanding-in-Chief should be signed by him alone?

**Mr. G. R. F. Tottenham:** (a) to (g). Government have no information. (h) Government have already issued instructions to all concerned that either the letter conveying a direction under section 52 (i) (a) and (b) of the Cantonments Act, 1924, should be signed by the Officer Commanding-in-Chief, the Command, or that the direction itself should be made in writing by the Officer Commanding-in-Chief, the Command, and be quoted by the Inspecting Officer, Military Lands and Cantonments in the letter conveying it to the Cantonment Authority.

#### SUSPENSION OF RESOLUTIONS PASSED BY THE CANTONMENT BOARDS IN THE NORTHERN COMMAND.

**120. Khan Bahadur Haji Wajihuddin:** (a) Is it a fact that there are two stages in the issuing of orders under section 52(1) (b) Cantonments Act, the first stage being the temporary suspension of the Board's resolutions and the second stage being the final disposal of the resolution suspended?

(b) Is it a fact that the intermediary interval is provided to give the Cantonment Board concerned an opportunity to show cause against suspension or eventual cancellation of the resolution?

(c) Is it a fact that in almost all the orders issued by the Northern Command under section 52 (1) (b), the reasons for suspension were not given by the officer issuing the orders, nor was the Cantonment Board called upon to show cause against such orders?

(d) Do Government propose to issue instructions that in all cases, where orders are issued under section 52 (1) (b), the reasons for the same will be recorded in writing and that the Board concerned be given an opportunity to show cause under that order?

**Mr. G. R. F. Tottenham:** (a) and (b). The answer is in the negative. I may, however, explain that clause (b) of sub-section (1) of section 52 empowers the Officer Commanding-in-Chief, the Command, to direct suspension and thereafter to cancel the suspension or direct that the decision shall not be carried into effect, etc. It is impossible to read into the clause words which it does not contain; and there is, therefore, no statutory obligation on the Officer Commanding-in-Chief, to give the Cantonment Authority an opportunity of showing cause in the interval between directing suspension and either cancelling the suspension or directing that the decision shall not be carried into effect, etc.

(c) Government have no information.

(d) Government do not propose to issue any instructions in the sense desired.

#### FITTING OF SLEEPING BOARDS IN PILGRIM SHIPS.

**121. Khan Bahadur Haji Wajihuddin:** (a) Is it a fact that pilgrim-ship rule 71 is as follows:

"In every compartment allocated for the accommodation of pilgrims and occupying the full breadth of the ship, there shall be fitted along the ship's side sleeping boards, for the use of the pilgrims, of sufficient strength, to the satisfaction of the Inspector. The sleeping boards shall be so arranged as to provide, so far as practicable, a continuous shelf 6 feet in width along the ship's side at a height of 3 feet 6 inches above the deck. The boards may be made in convenient sizes, and may be portable and capable of being folded against the ship's side or of being removed when not required for the use of the pilgrims."

(b) Is it a fact that the shipping company has fitted two of their smallest pilgrim ships, "Jehangir" and "Alavi", with sleeping boards, and the other ships which have so far sailed from Bombay and Karachi, *vis.*, "Rezvani", "Rehmani" and "Khosru" have not been fitted with these sleeping boards?

(c) If the replies to parts (a) and (b) are in the affirmative, will Government be pleased to state who is responsible for the non-enforcement of the rule, and what steps they propose to take against the party concerned?

**Mr. G. S. Bajpai:** (a) and (b). Yes.

(c) At the Company's request the Government of India agreed that during the current season only two ships may be fitted with sleeping boards as an experimental measure. On receipt of a report on the working of the experiment, the question whether the rule should be brought into full operation during the Haj season of 1934-35, will be considered.

#### PROVISION OF A BOX FOR COMPLAINTS IN PILGRIM SHIPS.

122. **Khan Bahadur Haji Wajihuddin:** (a) Is it a fact that pilgrim ship rule 172 is as follows:

"The master, owner or agent shall place at a conspicuous place, accessible to pilgrims, a sealed box and writing materials to be provided by the Port Haj Committee of the port of departure, so that pilgrims may write any complaints that they may have had and put the paper in the said box through an opening provided for this purpose. On arrival at the port of Jeddah, the master shall make over the box, with its contents, to a responsible officer deputed for this purpose by His Majesty's representative at that port. In the case of a ship returning to a port in British India with pilgrims, the box, with its contents, shall, on the arrival of the ship at such port, be made over by the master to the Chairman of the Port Haj Committee of the port."

(b) If so, is it a fact that it has not been complied with during the current Haj season, and, if so, why?

**Mr. G. S. Bajpai:** (a) The rule quoted by the Honourable Member is rule 162 and not 172.

(b) It is regretted that through oversight this new rule was not complied with. Steps have now been taken to ensure compliance with it.

#### DRINKING WATER FOR PILGRIMS AT THE DISINFECTATION STATION.

123. **Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that pilgrims at Bombay are put to great hardship on account of the Port Health Officer refusing to turn on water taps for drinking purposes for pilgrims at the disinfection station while they are waiting in the sun, on the excuse of economy?

(b) Will Government be pleased to state whether such orders have been issued, and, if so, will they state what amount they expect to economise?

(c) If the reply to part (b) be in the negative, will Government be pleased to state what action they propose to take against the party concerned for putting the pilgrims to unnecessary hardship?

**Mr. G. S. Bajpai:** Enquiries have been made and a reply will be furnished as soon as possible.

**DUTY ON ROSARIES FOR PRAYER PURPOSES.**

124. **Khan Bahadur Haji Wajihuddin:** (a) Are Government aware that pilgrims from the Hedjaz and Iraq bring rosaries (tasbees) with them for prayer purposes, and that the Customs authorities charge 50 per cent duty which is the percentage charged on luxuries?

(b) Are Government aware that the religious feelings of pilgrims and the Muslim public are hurt by such imposition of luxury duty on rosaries brought by them for prayer purposes? If so, what action do they propose taking to remove the complaint?

**The Honourable Sir George Schuster:** (a) Duty is not charged on rosaries imported by pilgrims for the purpose of prayer, but there is a substantial import of these rosaries by pilgrims for the purpose of sale and on these duty is charged.

(b) Does not arise.

**QUALIFYING TEST OF THE COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

125. **Mr. S. G. Jog:** (a) Are Government aware that there has been a qualifying test of the copyholders in the Government of India Press, New Delhi? If so, what was the length of service of each copyholder?

(b) Will Government be pleased to state who were the examiners of the papers?

(c) Is it a fact that the Head Reader of the Reading Branch, in the examination held in 1929, set the papers for the copyholders' examination in consultation with the Manager, that the contents of the papers had leaked through him, and that in consequence of this, the result had to be declared as null and void?

(d) Is it a fact that the same Head Reader was selected again as one of the examiners by the Manager for the examination held in December, 1933?

(e) Are Government aware that there is a great sensation prevailing among the copyholders who failed on account of the appointment of the Head Reader as examiner?

(f) Will Government be pleased to state whether any standard of percentage of passing marks for the candidates qualifying themselves in each subject was declared by the Manager before the date of examination? If not, why not?

(g) Will Government be pleased to state why the Manager kept the copyholders in the dark by not declaring the standard pass marks beforehand?

(h) Will Government be pleased to state the intention and underlying motive of the Manager in declaring the standard pass marks after the papers were handed over by the candidates to him?

(i) Are Government aware that at such examinations the candidates are specially instructed to give only their roll numbers on their answer books and not their names thereon? If so, will Government please state whether the same procedure was adopted by the Manager of the Government of India Press, New Delhi, in holding this test, and, if not, why not?

**The Honourable Sir Frank Noyce:** (a) Yes. The length of service varies from 3 years 9 months to 17 years 3 months; a list showing the details can be inspected at the Controller's office.

(b) The Manager and the Head Reader.

(c) and (e). No.

(d) The Head Reader was selected by the Manager.

(f), (g) and (h). Pass-marks were not declared before the examination because the Manager considered this unnecessary.

(i) I am not clear what is meant by "such examinations", but no purpose would have been served by allotting roll numbers to persons whose handwriting was familiar to the examiners.

**PRINCIPAL WORK OF THE READING BRANCH OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

126. **Mr. S. G. Jog:** (a) Will Government be pleased to state the principal work of the Reading Branch of the Government of India Press, New Delhi? Why was dictation considered a compulsory subject? Has it any concern with the branch?

(b) Will Government be pleased to state the number of candidates who failed in dictation and passed in the principal work, the proof reading, separately?

(c) Do Government propose to declare the candidates as having passed even if they have failed in dictation only?

**The Honourable Sir Frank Noyce:** (a) Proof-correcting. A dictation paper was prescribed, because it is essential for an efficient Reader to possess a good knowledge of spelling.

(b) Ten: of these four passed in proof-correcting.

(c) No.

**NON-MATRICULATE COPYHOLDERS PROMOTED AS READERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

127. **Mr. S. G. Jog:** (a) Will Government be pleased to state the number of non-matriculate copyholders who were promoted as readers in the Government of India Press, New Delhi, without any test whatsoever since 1920?

(b) What were the reasons for promoting the non-matriculate copyholders without examination in supersession of those who were equally qualified, and, at the same time, senior in length of service since 1920?

(c) Will Government be pleased to state who is responsible, on account of a change of this policy, for the loss of future prospects of those copyholders who were not promoted according to seniority, compared with those non-matriculate copyholders who were promoted as readers with less service and without any examination?

**The Honourable Sir Frank Noyce:** (a) and (b). One copy-holder was promoted as a reader in 1921, with due regard to seniority and efficiency. The decision to hold a qualifying examination was not then arrived at and no efficient senior man was superseded.

(c) Copy-holders lacking in essential qualifications of a reader, however senior they may be, cannot be promoted as readers. The question does not, therefore, arise.

**QUALIFYING TEST OF THE COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

128. **Mr. S. G. Jog:** (a) Have Government taken any action to examine the whole affair of the qualifying test of the copyholders in the Government of India Press, New Delhi, held on the 6th December 1933? If not, do they propose to do so?

(b) If Government have found any defect in the operation of the examination by the Manager, are they prepared to declare the examination as null and void?

(c) Will Government be pleased to state whether any such test of the readers was also held when promoting them from the lower to the upper grade in December, 1933, and, if not, why not?

**The Honourable Sir Frank Noyce:** (a) The answer to both parts is in the negative.

(b) The question has not arisen.

(c) No. Readers as a class perform similar duties and their capacity to do reader's work can be tested without an examination.

**SAVINGS BANKS WORK IN CERTAIN POST OFFICES.**

129. **Mr. D. K. Lahiri Chaudhury:** (a) Will Government be pleased to furnish a statement showing:

(i) the number of active savings bank accounts in (1) the Calcutta General Post Office; (2) the Bengal and Assam, and Bihar and Orissa Circles, excluding Calcutta, and (3) Madras and Burma Circles;

(ii) the number of clerks employed in sub-parts (1), (2) and (3) of part (i) for the performance of savings bank duties; and

(iii) the number of officials employed in the Calcutta and Madras Audit Offices (Savings Bank Audit Section) to check the work of Post Offices mentioned in part (i)?

(b) How many savings bank fraud cases have been detected by these two Audit Offices in the year 1932-33?

**The Honourable Sir Frank Noyce:** Information is being obtained, and a reply will be placed on the table of the House in due course.

**OFFICIALS EMPLOYED IN THE POSTAL AUDIT OFFICES IN INDIA.**

130. **Mr. D. K. Lahiri Chaudhury:** (a) Will Government be pleased to state the number of officials employed in the four Postal Audit Offices in India, in the money order section, to check money orders, etc.?

(b) What are the duties of these officials?

(c) How many money order fraud cases have been detected by these Audit Offices in the year 1932-33?

(d) Is it a fact that in every Head Office there is a Money Order Audit Section?

(e) If so, what are their duties?

**The Honourable Sir George Schuster:** (a) 610.

(b) Their duties are prescribed in Chapter 6 of the Posts and Telegraphs Technical Audit Code, Vol. II.

(c) Two.

(d) No, but every Head Office exercises certain departmental checks.

(e) Does not arise.

**STAFF EMPLOYED IN CERTAIN DEPARTMENTS OF THE BOMBAY, MADRAS AND CALCUTTA GENERAL POST OFFICES.**

131. **Mr. D. K. Lahiri Chaudhury:** (a) Will Government be pleased to furnish a statement showing the number of (i) clerks, (ii) selection grade supervisors, and (iii) time scale supervisors, employed in the Inland Registration (including Sorting) and Inland Parcel (including Sorting) Departments of the Bombay, Madras and Calcutta General Post Offices, separately?

(b) Will Government please furnish a statement showing the number of (i) selection grade supervisors, (ii) time scale supervisors and (iii) clerks employed in the Staff Section of the Bombay, Madras and Calcutta General Post Offices, respectively?

**The Honourable Sir Frank Noyce:** (a) and (b). A statement furnishing the information required by the Honourable Member is attached. In the Madras General Post Office, there is no separate Staff Section.

*Statement.*

Names of General Post Offices with departments or sections.		Number of clerks.	Number of selection grade supervisors.	Number of time-scale supervisors.
Bombay	Inland Registration (including sorting)	91	5	6
	Inland Parcel (including sorting)	67	5	4
	Staff	5	1	Nil
Madras	Inland Registration (including sorting)	62	5	Nil
	Inland Parcel (including sorting)	30	2	Nil
	Staff	Nil	Nil	Nil
Calcutta	Inland Registration (including sorting)	128	7	Nil
	Inland Parcel (including sorting)	103	8	1
	Staff	7	Nil	1

**STAFF EMPLOYED IN THE POSTAL CIRCLE OFFICES OF BENGAL AND ASSAM, BOMBAY, MADRAS AND LAHORE.**

182. **Mr. D. K. Lahiri Chaudhury:** (a) Will Government be pleased to furnish a statement showing the number of (i) clerks, and (ii) selection grade supervisors employed in the Circle Offices of Bengal and Assam, Bombay, Madras and Lahore, respectively?

(b) What is the percentage of selection grade posts in these offices?

(c) Is it a fact that the number of selection grade posts is very low in these offices?

**The Honourable Sir Frank Noyce:** (a) The statement required by the Honourable Member is given in the subjoined table:

	Bengal and Assam Circle office.	Bombay Circle office.	Madras Circle office.	Punjab and N.-W. F. Circle office.
Clerks	138	131	129	121
Selection grade supervisors.	29	28	26	24

(b) The percentages work out roughly to 21 per cent. for the Bengal and Assam and Bombay circle offices, and 20 per cent. for the Madras and Punjab and North-West Frontier circle offices.

(c) Government attach no importance to the figures since the number of selection grade posts is not fixed on a percentage basis but is determined solely with reference to the number of charges which are such as reasonably should carry a pay above ordinary clerical time-scales.

**PAY OF POSTMASTERS AND STAFF EMPLOYED IN CERTAIN POST OFFICES.**

183. **Mr. D. K. Lahiri Chaudhury:** (a) Will Government be pleased to furnish a statement showing (i) pay of postmasters, (ii) number of (1) selection grade supervisors, (2) time scale supervisors, (3) clerks, and (4) overseer and sorting postmen, employed in the following post offices:

Shillong, Darjeeling, Barisal, Burdwan, Dehra Dun, Naini Tai, Ranchi, Cuttack, Trichinopoly, Ootacamund, Mysore, Srinagar, Baroda, Agra and Muttra?

(b) Will Government be pleased to state the reason for granting first class powers to the Postmasters of Darjeeling and Shillong, although they get pay of second class Postmasters?

**The Honourable Sir Frank Noyce:** (a) A statement furnishing the information required by the Honourable Member is attached.

(b) Darjeeling and Shillong are places of special importance and it has been considered desirable to authorise the Postmasters of the two offices to exercise the powers of first class head postmasters with a view to the more expeditious transaction of business. The exercise of these

powers has no direct bearing on the rate of pay drawn by the officials concerned.

*Statement.*

	Pay of Postmaster.	No. of supervisory staff.		No. of clerks.	No. of overseer and sorting postmen.
		Selection grade.	Time-scale.		
Shillong . . .	250—350	1	Nil	15	1
Darjeeling . . .	250—350	1	Nil	16 3 (season).	4
Barisal . . .	250—350	1	1	36	Nil
Burdwan . . .	250—350	1	Nil	28	1
Agra . . .	350—650	3	Nil	35	6
Dehra Dun . . .	250—350	1	Nil	23	1
Muttra . . .	250—350	1	Nil	21	3
Naini Tal . . .	250—350	1	Nil	12	1 1 (season).
Cuttack . . .	250—350	1	Nil	16	Nil
Ranchi . . .	250—350	1	Nil	18	1
Baroda . . .	250—350	2	Nil	37	1
Srinagar . . .	250—350	2 1 (season).	Nil	33 4 (season).	Nil
Mysore . . .	250—350	1	Nil	28	1
Ootacamund . . .	250—350	1	Nil	17 2 (season).	1 (season).
Trichinopoly . . .	250—350	1	Nil	26	1

**PUBLICATIONS DISPOSED OF AS WASTE-PAPER IN THE CENTRAL PUBLICATION BRANCH.**

184. **Mr. Muhammad Anwar-ul-Amin:** Will Government please state the respective values of publications disposed of as wastepaper up till now in the Central Publication Branch since the Controller of Printing and Stationery submitted the proposal to Government for the move of the office from Calcutta to Delhi?

**The Honourable Sir Frank Noyce:** For reasons given in my reply of the 26th February, 1934, to your starred question No. 296, it is not possible to give the values. Particulars of the aggregate price can be collected if desired.

## COUNTRIES HAVING TRADE AGREEMENT WITH INDIA.

135. **Mr. F. E. James:** (a) Will Government kindly place on the table of the House a list showing the names of the countries with which India is in (i) direct, (ii) indirect trade agreement, together with dates on which the agreements or conventions were concluded?

(b) Do Government propose to place copies of these agreements in the Library of the House?

**The Honourable Sir Joseph Blore:** (a) The required information, up to the year 1931, is available in the Handbook of Commercial Treaties, 1931, published by His Majesty's Government in the United Kingdom, which contains all British Commercial Treaties, and generally indicates in a note appended to each treaty the position in regard to its applicability to India. For subsequent information I would refer the Honourable Member to the statements of Commercial Treaties affecting India which were laid on the table of the Council of State on the 24th March, 1932, and the 27th March, 1933.

(b) A copy of the Handbook referred to has been placed in the Library of the House.

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 THE GENERAL BUDGET—GENERAL DISCUSSION.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now resume the General Discussion of the General Budget.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Mr. President, it is usual to congratulate the Honourable the Finance Member on his Budget, and although I am not given to congratulating very easily, I see no reason to withhold those congratulations on this occasion, specially as it is his last Budget. Sir, it is certainly an original Budget, it is certainly a Budget that gives food for thought. . . .

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muhammadan Urban): And surprises too.

**Sir Cowasji Jehangir:** And surprises, as my friend, the Diwan Bahadur, says, but, in the space of twenty minutes, it is not possible to touch upon the many characteristics of this Budget, and I do not propose to do so.

Sir, if I ventured to give a name to this Budget, I would call it the Bengal Budget, and, in doing so, I would like to congratulate my friends from Bengal in having caught, after all these many years, the ear of the Government of India. Sir, we in Bombay are very much in the same position as Bengal, and I can remember a time when I had the honour of being a Member of the Government of Bombay, and that was many years ago, and when we agitated on the same lines as Bengal, going hand in hand with Bengal in our agitation for justice. But, alas! Mr. President, Bengal has got a windfall, and we have been left in the lurch. Now, Sir, our citizens, let me tell you with pride, do not allow the grass to grow under their feet, and I have received a telegram this morning

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from the Sheriff of Bombay regarding a public meeting convened in that City. I propose to read out that telegram to the House. It reads thus:

"Resolved at public meeting convened by Sheriff of Bombay to forward His Excellency following Resolution passed unanimously *stop*. *Begins* the citizens of Bombay in public meeting assembled desire to urge upon the Government of India and upon the Central Legislature the claim of the Bombay Presidency to a share in the proceeds of the All-India taxation which is proposed in the Finance Member's Budget speech before the Legislative Assembly on the 27th of February to levy in order to meet the immediate financial need of certain Provinces Bombay's claim to a more generous recognition of her financial needs has been repeatedly pressed in recent years equilibrium is now further threatened by recent and rapidly growing developments in the diversion of trade from the port of Bombay this can only be met by measures which will involve a serious deficit in the Provincial Budget and this meeting submits that Bombay has no less strong a claim than the other Provinces selected for relief to assistance in meeting what threatens to become a menace to her economic existence.—Sheriff of Bombay."

Now, Sir, since Bengal has been the favoured Province, I would like to compare our claims with those of Bengal and show you that we based our demands from the Government of India on the same lines as Bengal has done for a number of years. The Meston Settlement has been proved to have been the deathknell of both Bombay and Bengal. It was unjust and inequitable, and I have no doubt that the Finance Member and perhaps most Members of Government have heard quite enough of the Meston Settlement. Personally, so far back as 1922, I had to deal with that settlement, and to study the figures, and, Mr. President, it seems extraordinary how a body of men calling themselves financiers could have made a settlement for all India which was supposed to be the foundation for the new reforms—how they could have made so serious a blunder, and how experience has proved that every one of their hypothesis has turned out to be wrong. They gave us and Bengal land revenue, excise, stamps, and court-fees, and they gave us to believe that those sources of revenue were elastic. They took away from us, as you very well know, part of our income-tax. Well, I am not going to trouble this House with details, but every one of those sources of revenue, which were supposed to be elastic, were very soon found to be going down rapidly, and income-tax went up comparatively as rapidly. The result to Bombay was, that we had to tax and tax ourselves, and today the incidence of taxation in Bombay is the highest in the whole of the country. Sir, I do not think that anybody can say that the Government of Bombay and its Legislative Council have not been prepared to make every effort to balance their Budgets, or that they have not been prepared to shoulder their responsibilities. My Honourable friend, Mr. Mitra, whom I do not see here just now, inadvertently stated that Bombay had been assisted with regard to her development schemes. Nothing of the sort. We have borne the responsibility and the burden of whatever schemes we may have launched. Mr. President, the last reforms came in January, 1921. In September of that very year, Bengal was given a remission of her contribution of Rs. 63 lakhs. It was years and years before Bombay was let off her contribution of, I believe, Rs. 56 lakhs. We have been knocking at the door of the Government of India since 1922, and up till now, besides that remission, we have received nothing for the very handsome contribution that we along with Bengal have made to the Central Government through our income-tax. But, Sir, there is a constitutional issue involved to which I would like to draw the attention of this Honourable House. A federal scheme of finance has been sketched out at the

Round Table Conferences and it is not my purpose to give you that sketch here. But the foundation of it is that in time the Provinces shall get back the personal income-tax derived from those Provinces and that the Central Government shall be compensated for the loss of that revenue by other sources of revenue, and the one most prominently mentioned was the excise duty on matches. But, Sir, we are yet at a distance from Federal Government; we are at a greater distance from Bombay being given any relief with regard to her income-tax; and we find that, that source of revenue for the Central Government which was kept aside for the assistance of the Federal Government of the future is being immediately tapped, and unfortunately, of the two Provinces which really deserve to get a part of that taxation, only one has received relief. Sir, it may be said that Bengal has peculiar circumstances of her own and that she has a different case. It may be said that she has been through very trying times and that a certain amount of expenditure was necessary in Bengal which was not necessary in other Provinces. But may I point out to this Honourable House, and especially to the Government Benches, that we also have had our troubles; we have also had the Civil Disobedience Movement in Bombay for which we had also to spend some money. And, Mr. President, if it cost Bengal some money to deal with the terrorist movement, is it a crime for other Provinces not to have the terrorist movement. What is the answer to that question?

**The Honourable Sir George Schuster (Finance Member):** No.

**Sir Cowasji Jehangir:** If it is not a crime, then, will you give us some part of that match excise duty? If it is not a crime, we deserve that assistance, and will the Honourable the Finance Member give us then a part of that excise duty that he is going to raise? He is putting his hand into the pockets of people who come from all parts of India. We never intended that he should not, but it was reserved for the future, and if it was necessary in the present, by all means, let it be done, but apply the revenue so derived for the benefit of the peoples for whom it was intended. I do desire on behalf of my Province to lodge a most emphatic protest against the way in which we have been treated. . . .

**Mr. A. H. Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural):** You have not lodged that protest at the Round Table Conference.

**Sir Cowasji Jehangir:** We did.

**Mr. A. H. Ghuznavi:** Where?

**Sir Cowasji Jehangir:** We did it over and over again. The Meston Settlement was fought over and over again.

**Mr. A. H. Ghuznavi:** I do not see anything in the report.

**Sir Cowasji Jehangir:** It was an old question. Does my Honourable friend mean to say that, because he and his friends yelled the loudest, he deserved assistance any the more? We are accustomed to hear my friend yell here on more than one occasion, but we know our friend in this House at any rate. I am not envious of Bengal. Let Bengal have her dues by all means. Bengal has been hard hit by the Meston Settlement, just as hard hit perhaps as we have been, but if relief is to be

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given and specially from an excise duty on matches which was set aside for purposes of giving relief to Provinces who contributed to the Centre through their income-tax, then I assert that Bombay has just as good a claim as Bengal. Let Bengal have it, but let us have it too. Sir, we have our troubles, and some of them are of a very serious nature. I have no doubt that the Government Benches are fully aware of the loss of our trade from the port of Bombay. They are fully aware that to meet that menace we shall have to give up a source of revenue, which we have enjoyed for the last number of years. If we took prompt action, notwithstanding every effort made by Government and the people of Bombay, we would have a deficit Budget. It is very necessary to examine a Budget very closely to decide whether it is a deficit Budget or whether it is on the margin line. The Bombay Budget is a deficit Budget. Every effort has been made to try and balance it, but notwithstanding that, I venture to suggest that, if properly examined, it is a deficit Budget. It is a deficit Budget just as much as the Budget presented by the Finance Member. I am not going into the question, how he has managed to make both ends meet. My friends will have an opportunity of explaining that and perhaps I shall have more opportunities in the Finance Bill and the other taxation Bills that the Finance Member will bring forward before us to criticize this Budget, but my Honourable friend, the Finance Member, and let me congratulate him on it, has got an inspiration this year, a divine inspiration, which has made him balance this Budget. We will go into that divine inspiration a little later. I have no complaints to make about that divine inspiration. I do trust and hope that that inspiration is based on solid foundations and that, when he cuts down the debt redemption fund from six crores odd lakhs to three crores for the current year and the next year, he is really on sound foundations, and if his inspiration turns to be on solid rock, nobody will be more grateful to him than this Honourable House for having got that inspiration, late as it may be, even in his last year and in the last Budget, that he will present to this House. I only have one regret that he did not get that inspiration when he put up the income-tax, but better late than never, if it is founded on rock.

Mr. President, I do not desire to go into further details. There are many points on which we should like further explanations. There is the duty on tobacco, there is silver, and many of my friends here want further knowledge about sugar. There is plenty of time before us and the Finance Member is giving us plenty of opportunities, but, before I sit down, I will appeal to my Honourable friends on the Front Bench, who have agreed to make this Budget what I have called a Bengal Budget, if not now, next year, let their Budget be a Bombay Budget, and if any Province is afflicted by Providence as Bihar, we shall be ready along with other parts of India to come to the rescue of that Province, and I would ask my Honourable friends here, some of whom appear to have a prejudice against the poor Province of Bombay, to really go into other facts and to go into our position and realise the amount of taxation that we have placed upon ourselves, to read and study the figures of incidence of taxation, and then, I am sure, they will come to the conclusion that the Government of Bombay and its people have done their duty with regard to their finances, that they have never hesitated to tax themselves before coming to the Central Government for assistance, and I would only conclude by asking all Provinces, egotistical as it may appear, to follow the

example of Bombay, and if every Province would tax itself as we have done, there would be little demand on the Government at the Centre. This is not egotistical, though it may appear to be so. These are facts, and if you wish to realise how true they are, I would appeal to you to study them, and a few figures only, and I feel sure that every one of my Honourable friends behind me will be as convinced, as I am sure Government are, that Bombay's position is by no means enviable and that she requires your sympathy and your assistance as much as any Province in India.

**Sir Leslie Hudson** (Bombay: European): Sir, may I first congratulate the Honourable the Finance Member as so many other Members have done, and I am quite sure many more will do, on the able manner in which he has presented to us what he has informed us will be his last Budget in India. The picture which he has presented to us is, I think, on the whole not unsatisfactory.

In my remarks on the general discussion of last year's Budget, I voiced the strong feeling of European commercial opinion that the balance of the emergency cut should not be restored unless there was simultaneous relief to the tax-payers in the matter of the surcharge. Circumstances have not enabled the Finance Member to help either the services or the tax-payer, and I merely make mention of this at the present time in order to remind him of our claim that if and when the finances of the Government of India permit, relief should be meted out to the tax-payer equally with the Government servant.

Last year, the Finance Member was pressed to take advantage of the present position of the money market and to spend money on productive schemes of public utility, and it is gratifying to note that this course has been followed to a certain extent. I realise that Provincial Governments, whose Budgets barely balance if they balance at all, hesitate to increase their liabilities for the service of the Public Debt, but I still feel that the present opportunity of cheap money and the low price of materials should be taken advantage of. We are glad to see that the Government of India itself has increased its expenditure on capital works, and we can but hope that Provincial Governments will, with caution and care, institute public works on which a reasonable return can be anticipated. We are glad to see the improvement in the balance of trade, apart from the gold export. The figures are better than last year and encourage us to hope that the corner has been turned and that a gradual return to prosperity has set in.

In last year's discussion on the Budget, one of the principal points made on the cut motions on the Demands for Grants was the need for anti-dumping legislation. We have seen during the past year that the Government have taken decisive steps in this direction in the Safeguarding of Industries Act and in the Indo-Japanese Agreement which we understand is nearing completion. Generally speaking, these have given satisfaction to those industries which were intended to be given shelter, though there are complaints in certain quarters that the protection is not sufficient. It is, however, only human nature, especially in this country, like Oliver Twist to ask for more.

Another point pressed last year was the time-worn one, of the export duty on hides. As I said then, opinion throughout the country has always varied on this subject and what has been, and in this case is, distasteful to Madras and Cawnpore will be welcomed by Karachi and

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Calcutta and Rangoon. Speaking generally, I think that it will be agreed that taxes on exports, except perhaps on monopolies, are not for the ultimate benefit of a country. They find no support in modern economic thought and I personally should be glad to see them done away with altogether.

Passing to a review of the present Budget, I desire to make a few general remarks. More precise comments on particular items will, so far as the details of the proposed taxation are concerned, be forthcoming later on when we deal with the Finance and other Bills. I would first refer to what my Honourable friend, Sir Cowasji Jehangir, has also referred—the matter of the Reduction or Avoidance of Debt. The Honourable the Finance Member has informed us that it is proposed to make a provision of Rs. three crores for the current and next year as against the figure of nearly Rs. seven crores which the convention reached in 1924 would call for. Like Sir Cowasji Jehangir I would remind the House that the Honourable Member has on many occasions stressed the value to the nation of sound finance and I too would like to be assured that the credit of India in the world's markets will not be in any way lessened by this decrease in the amortization contribution. I have little doubt that the convention reached in 1924 was reached largely by, shall we say, an intelligent anticipation, for no stable criterion can very well be laid down for such reservation more than a year or two in advance, but the fixed sum of Rs. four crores was arrived at in respect of all debt incurred up to March 31st, 1923, and that must have been arrived at from actual figures available. I should, therefore, like further explanation as to why it is now considered a safe and prudent step to take to reduce this basic figure to Rs. three crores. Admittedly it enables Government to balance their Budget, which would otherwise be in deficit, and to provide a special fund with which to finance assistance to earthquake-stricken districts. We all remember the outcry that was raised in England, not so very long ago, at the raiding of the sinking fund, and I do not forget that the British Chancellor of the Exchequer has himself had recently to forgo all such appropriation. But India is not in quite the same position as Great Britain and it behoves this House to be as jealous of the credit of India as the Finance Member himself has been for the last five years.

We have, I think, recognised that the intentions of the Government in the matter of assisting the stricken province of Bihar are generous. I am aware that this is disputed in certain quarters. There are certain Oliver Twists who, again, are asking for more, but we have the clear assurance by the Finance Member that if more than the sum provisionally estimated as required by Local Authorities can be advantageously spent, the additional sum will be supplied. Similarly, we have his promise that whatever sum may be found ultimately to be necessary for the purpose of assisting private individuals, this will be made available to the Provincial Government.

There is a further act of generosity to another Province which will be very welcome to that Province and the rest of India will have the somewhat grim satisfaction of remembering every time they strike a match that they have done something to aid Bengal and Bihar and Assam. There is a matter in regard to this excise on matches about which I should like the Honourable the Finance Member to inform the House.

The Government have rightly, as I think, recognised the justice of an extension of the principle of indirect taxation, but I should like to know whether he can assure the House that the arrangement with the Indian States for the collection of that excise from any factory started in their territories will be guaranteed an efficiency equal to that existing in India.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Like the customs!

**Sir Leslie Hudson**: I must, however, remind the House that in their report the Federal Finance Committee two years ago, when reporting on possible new sources of revenue, expressly mentioned an excise on matches as being an important adjunct to Federal Finance. Here we have the proposal to institute this form of indirect taxation and immediately to apply it, not to Federal purposes, but to the relief of certain deficit Provinces. I am not sure that this is going to be a convenient precedent. (Hear, hear.) Already other Provinces are asking for similar allocations, and, on this basis, it is difficult to see why, for instance, Burma should not get half the rice export duty and why Assam should not get a share of the oil excise. Sir, my Honourable friend, Sir Cowasji Jehangir, in his very eloquent speech which we have just listened to has placed before the House strongly the position of Bombay, and I do not wish to weary the House by repeating the arguments that he has used. It will, I think, be agreed that they are forcible and that they are just. The Bombay Presidency has a Budget which is barely balanced, and then only by the most stringent retrenchment, more stringent, I think, than anywhere else in India. Its financial position is now threatened by competition to its trade from Kathiawar ports under circumstances which are not in its control, but in that of the Government of India. And it does not seem fair or just to us in Bombay that the whole of this Central taxation should be presented to the jute-growing Provinces. Like Sir Cowasji Jehangir, I am not envious or jealous of what Bengal has got. Admittedly they do require assistance. But I do claim that we in Bombay also require assistance. With regard to the increasing diversion of trade from British Indian ports to the Kathiawar ports, I have neither the time nor the desire to place an array of figures before the House, but it will perhaps interest the House to know that in 1931-32, the imports into Kathiawar States were valued at 2½ crores, and in 1932-33, they amounted to four crores. Of these large amounts, the share of the Bhavnagar State was, respectively, 75 lakhs and 2,33 lakhs, whilst the imports for the official Bhavnagar year which runs to the 30th November, 1933, were no less than 4,15 lakhs into Bhavnagar alone. When this particular Treaty was originally negotiated, I believe it was estimated that the customs duties which would accrue to the State of Bhavnagar would amount to about 10 or 12 thousand rupees a year, and so small a matter as that would be of no account to the revenues of the Government of India, but a crore of rupees is a different matter. While a treaty is a treaty and is not to be deemed as a scrap of paper to be torn up, some solution of the problem must be arrived at. Not only is it the increasing loss to British Indian revenues, but the result of this attraction of trade to Bhavnagar and the other Kathiawar ports is drawing away trade which should legitimately be catered for by the British Indian ports of Bombay and Karachi. The problem is difficult, I admit, but it is not insoluble and it must be tackled. The longer it is deferred, the worst it may be for the eventual settlement for British India. Looking ahead to the

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time when Federation comes into being, it is, to my mind, impossible to visualise members of the Federation who have treaties made in circumstances entirely different from those now prevailing which allow of competition with the Federal Authority. And here I would quote, with your permission, two short sentences from the report of the Indian States Inquiry Committee. They said:

"But nevertheless we find it hard to reconcile with the ideal of a true Federation the retention by any Federal unit of its own customs receipts."

And, again, further on, on the same page they say:

"If, therefore, the port-owning States are to enter Federation, as every one must desire that they should, room must be found for a compromise in which ideals and logic would yield in some measure to hard facts."

I do urge, therefore, that the Government should come to an amicable agreement with these privileged States.

**Sir Cowasji Jehangir:** There is only one such State; others can be tackled by the Government.

**Sir Leslie Hudson:** There is also Cochin State. As I was saying, Government should come to an amicable agreement with these privileged States who are enriching themselves at the expense of what is British India now and what will in the future be the Federation of all India.

I have said that there will be an opportunity later on to discuss the fresh items of taxation and we should be able to offer our criticisms on them. For instance, in the alteration of tobacco taxation, consideration does not seem to have been given to the cost of goods imported for making and packing the cigarettes which is, I understand, estimated to be four annas a thousand.

Another matter I would urge on Government is that the Indian Companies Act should be thoroughly revised at the earliest possible date. I am well aware that Government Departments are worked to the limit and beyond, but I consider that the Finance Member should be able to find the money necessary for a small Technical Committee, which in the course of six months, should be able to draw up a revised Bill to replace the present one which is admittedly out of date and, in my opinion, remains ineffective to correct irregularities. The provision of the few thousand rupees necessary for such a Committee should not be beyond the capacity of the Finance Department, and such an expenditure would come, I maintain, under the head of productive outlay. Then, there is a great need for the consolidation of the tariff. This is an urgent matter which should not be shelved any longer. We shall have more to say on this at a later stage, and I can only now emphasise that experience, and even the Finance Member's speeches themselves, show that there are cases where the law of diminishing returns is already operating and these can but increase in effect until some intensive and scientific thinking is set to work on the tariff.

And this brings me to my penultimate remarks on the general discussion of the Budget. Sir George has, in his speech, made a comprehensive review of economics and has referred to the economic plans which Government have in view. In our view, there is the most urgent need for

further reconstruction and redistribution of the work in Government Departments. There is also urgent need for economic planning. The intense economic warfare on which the other nations of the world have embarked render this a vital affair for India. I could enlarge on this had I time at my disposal, but I hope that an opportunity will occur on the cut motions to discuss this fully.

Finally, I would conclude my remarks with a quotation from Sir George Schuster's first Budget speech on the 28th February, 1920. He then prefaced his speech with the following remarks:

"If I have an ambition, it is this that whether we encounter bad seasons or good you should be able to save me when my work is done, that I served your country at least to the utmost of my powers and that is all that I did. My main thought was for the interests of all the people of India."

So far as Sir George Schuster is concerned, we are nearing the parting of the ways, and I do not believe there will be one dissentient voice in this House when I say that he has, during the past five difficult years, lived up to the declaration I have just quoted. (Applause.) He leaves the credit of India in a position, on a pinnacle I might say, which is unrivalled in the eyes of the world's financial circles and markets. He leaves to his successor a position secure and given continuance of the present conditions, unassailable. He has served this country, and, leaving aside all political criticisms, he has served this country well. (Applause.)

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, in taking part in the discussion of the Budget this year, the uppermost feeling in our hearts is that which my Honourable friend, Sir Leslie Hudson, has just given expression to, namely, our regret at the impending retirement of the Honourable Sir George Schuster. It is really unfortunate that during the last three years, Sir George Schuster had to present his Budgets at a time of unparalleled financial stress and slump in trade, and, consequently, he had to bear the brunt of severe criticism for measures or for things over which he had no control. But the most intricate problems at a very difficult time which he had to handle have really shown his ability to deal with difficulties and his remarkable statesmanship as a Finance Member of the Government of India. Leaving aside his official position, I think I am voicing the feelings of all the Non-Official Members of the House when I say that, Sir George Schuster is one of the most popular Members on the Treasury Benches and even his severe critics on the Opposition have held feelings of the greatest personal regard for him. We will, therefore, always cherish feelings of respect for Sir George Schuster and wish him good health in his well-earned holiday, at least for some time.

Coming to the Budget itself, I do not propose to enter into the details of the Budget or to dabble into figures, a task which ought to be left to my revered Professor, Dr. Ziauddin Ahmad, in spite of whose utmost efforts, I was always the most backward boy in Mathematics when I was a student at Aligarh. Speaking last evening, my Honourable and gallant friend, Colonel Gidney, said that there was a most important word which did not occur in the two hours duration speech of the Honourable the Finance Member and it was the word "health". I wish to point out that there is another word in the English vocabulary, if not more important, at least as important as the word "health", which did not occur

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in the speech of the Honourable the Finance Member and that is the word "education". It might be said that education is a transferred subject, and, therefore, the Government of India have nothing to do with it.

**Mr. B. V. Jadhav** (Bombay Central Division: Non-Muhammadan Rural): So is health.

**Sir Muhammad Yakub:** So is health, as my Honourable friend says, for internal administration of educational institutions, education may be called a transferred subject, but, so far as the real educational policy in India is concerned, it is, I think, a subject which belongs to the Government of India. There is the Department to which my Honourable and capable friend, Mr. Bajpai, belongs, with all the paraphernalia of an Education Department in the Government of India, and an Educational Commissioner and if the burden of this Department is to be borne by the Indian taxpayer, then I think the Government of India can be easily brought to book about the educational policy which is prevailing in this country. It is really surprising that all our efforts these days are concentrated towards the political progress of a country about 70 million population of which is practically illiterate and we are exhausting all our energy and all our efforts towards securing democratic institutions without realising how very dangerous these institutions may prove in a country like India unless the people are prepared to handle the institutions and get the proper sort of education to run the democracy. It is fortunate that recently the attention of nearly all the leaders of the country has been drawn to this aspect of the question, and going through the speeches of men like the Right Honourable Sir Tej Bahadur Sapru, Sir Prafulla Chandra Roy, Dr. Sir Ross Masud, and, lastly, Sir Shah Suleman, I find that all of them are unanimous in criticising the present educational policy of India, and all of them have laid stress upon this being overhauled. I myself, addressing a conference of the University students in U. P., made the following remarks about the policy of education prevailing in India. I said:

"From all the recent convocation addresses, daily papers, official statistics and conferences, Government must have learnt that the country stands badly in need of changing the whole educational system, in order to suit the national aspirations of the country and to solve the problem of unemployment among the educated classes. There is every truth in the finding of the Hartog Commission that 'The universities are overcrowded with men who are not profiting either intellectually or materially by their University training'. Sir P. C. Roy, by emphasising upon it and by pointing out some of the major defects in the present system of education, did his duty as the intellectual leader of the country. The Government should see how Germany has recently tried to regulate the University education by making it open to those only who are physically, intellectually and morally fit, to receive higher education and to benefit by it, while in India no attempt is being made to check and co-ordinate the University education to suit the needs of the country. On the contrary there is a sort of craze of founding universities and making it a mint of graduates who find no valuation for their hard labour and acquired intellect, in the market. This sterile 'graduate' policy of our universities is highly telling upon the physique and morale of our young men 'who' according to the version of the Right Honourable Sir Tej Bahadur Sapru, 'after leaving the portals of the university, find that the call of hunger is more insistent than the call of culture and that the fine maxims of morality which they imbibed in their class rooms are more in the nature of impediments than a help in the struggle for existence'. I hope that all these protests, recently made by all the Educationists of the country, will move the Government to appoint a Committee to overhaul the whole educational structure, as was recently proposed by Doctor Sir Ross Masud."

Therefore, Sir, I would again lay great stress upon this question and request the Government of India to take immediate steps in order to overhaul the educational system prevailing in this country. Fortunately, only in two or three days, the Inter-Universities Conference is going to be held in Delhi, and I hope the Government of India will utilise this opportunity for consulting the educational experts and take immediate steps in this matter. While on this question, Sir, I wish to offer my

gratitude to the Finance Member for making a non-recurring grant of Rs. 15,000 to the Aligarh Muslim University for meeting the deficit in its budget. But I should like to point out that only the other day it was with the utmost care and the utmost retrenchment that we have again passed a deficit budget to the extent of about 50 or 60 thousand rupees. The expenditure budget of the Muslim University of Aligarh was prepared taking into consideration the grant from the Government of India, before it was cut down by 10 per cent; and I would again impress upon Government the fact that, unless that cut in the educational grant is restored, the Aligarh Muslim University will find it very difficult to balance its budget.

Sir, passing from the question of education, I would like to say a few words about the needs of my own Province, the United Provinces. My friend, Mr. Ranga Iyer, spoke yesterday a good deal, I understand, about the agricultural distress which is prevailing in the United Provinces and pointed out that this small duty on Indian sugar might adversely affect the interests of the agricultural classes in the United Provinces. I would only add that, like the Punjab, the United Provinces is really the largest agriculturist area in India, and during the last five or six years, owing to the fall in the prices of corn and specially wheat, and irregular rainy seasons, the land-holding class of the United Provinces has been reduced to its lowest ebb so far as financial conditions are concerned. Every Province has laid stress upon its claims; even a millionaires' Province like Bombay every year comes before the Assembly to make some demand for her distressed people. I am glad that Government, by retaining the import duty on wheat, have given some relief to the agriculturist in the United Provinces; but I think that is not sufficient, and I hope the Government of India will consider that the agriculturist in the United Provinces needs more help and assistance than has been offered to him. I wish also to congratulate the Government of India on the timely help which they have given to the Province of Bihar. We have all very great sympathy with the sufferers in that unfortunate Province, and it is the duty of every Indian and every Government to help Bihar as much as they can. But I really deprecate the ungrateful criticism which has been levelled by certain people against the grant which the Government of India have made to Bihar. They ought to realise that in the circumstances in which the Government of India are placed and in view of their financial difficulties, probably they have done their utmost to help the Province of Bihar; and, instead of being grateful to Government, it is unfortunate that ungrateful criticism is levelled against Government. I hope representatives of Bihar in this Assembly will clear the position on this point, though I am glad to say that some of them have already done it.

**Mr. H. P. Mody** (Bombay Millowners' Association: Indian Commerce): Sir, a distinguished predecessor of my Honourable friend, the Finance Member, once quoted Burke to the effect that it is as difficult to tax and to please as to love and be wise. I am sure my Honourable friend's

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five years' experience of this House will have amply convinced him of the soundness of that dictum. But I will ask my Honourable friend not to be discouraged by anything that this side of the House might have to say from time to time.

**The Honourable Sir George Schuster:** I am not.

**Mr. H. P. Mody:** I am very glad that at the end of his career he has become stout-hearted and does not worry about what we say. What I was going to do was to ask my Honourable friend to derive some consolation from the thought that if and when the time comes when somebody from this side of the House walks over to the bench which he is now adorning, we shall be equally whole-hearted in our condemnation and our criticism. And, therefore, whenever my Honourable friend is inclined to ruminate upon the perversity of human nature as typified in this side of the House, he will do well to realise that, as it is his duty to tax, it is our duty to oppose taxation and to stand up for the interests which we represent.

Now, Sir, we have got so hopelessly lost in sugar and matches that I think it is time that somebody spoke on the Budget; and I am going to leave all specific items alone for the moment, even though my cigarettes have gone up in price and my sugar shares have gone down in value. At the proper time I shall give vent to the ebullition of my feelings. The only item which I would like to comment upon at this stage is one which has been copiously referred to in the discussion, and that is with regard to the good fortune which has attended Bengal. Sir, we whole-heartedly congratulate Bengal upon her good fortune, and I hope that this will induce her to think a little more kindly of poor down-trodden Bombay. (Laughter.) I hope Bengal will realise that most of the subvention which is now being given to her is at the expense of an industry which is very largely established in the Bombay Presidency; and so, every time that Bengal strikes a match, let her entertain a kindly thought for Bombay.

My Honourable friend, Sir Cowasji Jehangir, advised at the end of his speech all the other Provinces to follow the example of Bombay. I hope they will not do anything so stupid. (Laughter.) If they want to make the least impression upon the Government of India, let them do anything else but follow the example of Bombay. Let them go on producing deficit Budgets year in and year out, and howl as loudly as they can, and it is only then that some impression may be made upon the hard-hearted Treasury Benches.

**Mr. K. P. Thampan** (West Coast and Nilgiris: Non-Muhammadan Rural): That has been our experience in Madras.

**Mr. H. P. Mody:** You will find that if you produce a surplus Budget, you will be asking for a piece of the moon if you ask for anything from the Benches opposite.

Sir, I promised to review briefly the financial and economic position of India rather than be tempted into these little excursions. Now, while I cannot say that the picture presented by my Honourable friend, the Finance Member, is not a fair one, I would just like to put it from my own point of view. I would first touch upon the darker side of the picture, and I find in the forefront the gaunt spectre of agricultural indebtedness. That indebtedness has been variously estimated; but I think it is safe to

say that it is nothing short of a thousand crores of rupees. It is all very well to say, as has been said on several occasions, that in these times of depression the agriculturist does not worry to pay the interest or any part of the debt. But the debt is there, and it has got to be paid some day, and I regard it as the most serious aspect of the whole financial and economic situation of the country today. I am very glad that my Honourable friend has promised consideration of it in the next two or three months.

Then, there is the question of high taxation, and here again I say that it is not much use any one getting up and saying "After all, what is the taxation per head of the population?" I can counter that by asking "What is the income per head of the population, and what are the resources of the country?" Looking at it from that point of view, I would say that the burden of taxation has reached its limits, and India cannot stand any more; and in view particularly of the fact that this taxation is largely derived from two sources, namely, customs and income-tax, it is apparent to every one that the position is serious.

Then, there is the question of the reduced purchasing power which has been reflected even in the year which we are reviewing; as much as 17 crores less was consumed in 1933 than in 1932, and that, I submit, is an index of the economic position.

Then, taking another index, namely, industrial production, I say, here again we must realise that India has a tremendous leeway to make up before we can say we can sustain the administration which modern Governments require. According to the industrial production statistics that were compiled by an economic organisation, we find that India's share of the world production in industries amounts just to 2.1 per cent. Germany is 6.9; Great Britain 11.2; France 7; even Italy is 3.4; and the United States 14.9. That will show my Honourable friends opposite and also on this side what a tremendous advance India has still to make before it can be said to be industrially developed.

That is the dark side of the picture, and I turn from that readily to the brighter features of our economic situation. In the forefront I put the fact that we have had during these last few years balanced Budgets. Surpluses and deficits are no index of either prosperity or adversity. They are the expression of a policy, whether you are going to tax yourselves, or are going to leave the next generation to bear the burden; but this much must be said that, while it is very disagreeable to be bled as we have been bled for the last five years, at any rate our credit stands very high, and for that achievement I would like to congratulate my Honourable friend, the Finance Member, as also for the fact that we have a very small unproductive debt in this country. Out of a total of something over Rs. 1,200 crores of rupees, the unproductive debt is a little over Rs. 200 crores. Similarly, a vast improvement has taken place in the reduction of the short term debt of this country; and, finally, as an index of the growing return to normality, I may say that there has been a substantial increase in post office cash certificates and savings bank deposits, which show an increase of Rs. 40 crores in three years.

These are substantial achievements, and while we have had considerable differences of opinion with our friend, Sir George Schuster, with regard to many of the measures which he has been obliged to bring forward in this House, I wholeheartedly join in the tribute which Sir Leslie Hudson more particularly amongst my friends has paid to the work of the Finance Member. He very appositely reproduced what my Honourable friend

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said when assuming office, and said that he had fulfilled in every particular the test which he himself had laid down for the judging of his work. I will only add this, and that from my point of view will express all that I feel about Sir George Schuster, that my Honourable friend has not only been a Finance Member of India, but he has also been a Finance Member for India. I hope that in other spheres to which he may be translated the interests of this country will receive from him that same keen interest which he has displayed, and that same devotion which he has given in these last five years.

I shall next deal with a very important consideration which has been urged by my Honourable friend, Sir Leslie Hudson, and it is that economic reconstruction is the need of the hour. In my speech on the ratio, I specifically asked the Finance Member to consider the necessity of putting up an Economic Advisory Council in this country, and I can do no better than reiterate that point of view, and indicate to my Honourable friend the sort of Economic Advisory Council which I have in view. In this connection, I would like to refer to the constitution and functions of the Economic Advisory Council which was set up in Great Britain in 1930:

"To advise the government in economic matters, and to make a continuous study of developments in trade and industry and in the use of national and imperial resources; of the effect of legislation and fiscal policy at home and abroad; and of all aspects of national, imperial and international economy with a bearing on the prosperity of the country."

I could say a very great deal about the subject, in which I am taking a special interest, but I understand the European Group are moving a token cut on this issue, and that will be the proper time for a detailed analysis of the position.

I come now to something which is a matter of vital importance to the Presidency and the City from which I come. That is the growing diversion of trade from Bombay. My Honourable friends, Sir Cowasji and Sir Leslie Hudson, have referred to it; but I want to go a great deal further than they have done. I would like first to explain the position, as briefly as I can, to my Honourable friends. As most of them are aware, disputes were going on between the Government of India and the Indian States, particularly the States in Kathiawar, for many years; they were settled for the time being by the Conference which was held at Mount Abu in 1927. The basis of the Settlement was that the Indian States were to charge the same customs duty as was charged in British India and they were allowed to keep their share of the import duty in respect of those commodities which were consumed in their own territories. The duties in respect of everything which crossed over into British India over the Viramgam customs line had to be paid to the Government of India. I want to say deliberately, and without the slightest attempt at concealing my thoughts or sugaring the pill, that a great many instances have come to light of wholesale and gross evasion of this obligation, and I join my Honourable friend, Sir Leslie Hudson, in asking why the Government of India should be so very complacent about it. If some unfortunate individual in British India attempted to dodge the customs Collector—and I think he would be morally thoroughly justified in doing so in view of the duties which have been imposed!—he would be straightaway hauled up. But here are whole States evading their obligation, and my Honourable friends in the Government of India are complacently looking on. Now,

Sir, I do not want to go into the constitutional issue at this stage. I do not want, as my Honourable friend, the Leader of the European Group, has done, to try and find out whether there is any justification for the continuance of the Bhavnagar Treaty. I raise the simple issue whether the Government of India are prepared to make the Viramgam customs line an effective customs line. I will give a few examples. As everybody knows, there is a duty of Rs. 18-2-0 on a bag of sugar—(a bag of sugar being two cwts). In some of the Kathiawar State,—and I challenge contradiction on that point,—sugar is selling at Rs. 18 to Rs. 19 per bag. How is that being done? An article which carries a duty of Rs. 18-2-0 is sold at Rs. 18 and Rs. 19 in the Indian States! I have got proofs of that; I have also got proofs to show how the art silk trade is being carried on in the territories of the Indian princes. The duty on certain types of art silk piece-goods is three annas per linear yard; these piecegoods are being sold in many of the Kathiawar States at three annas one pie per yard. How is that possible except by gross and fraudulent evasion of the customs duty? Sir, this is a matter which has become very vital to our Presidency, and if sufficient care is not taken in time, it is going to become very vital for the whole of India, and I would ask my friends on the Government Benches to take serious note of this situation and adopt effective measure to counter it. I recognise that if it were a question of any constitutional bargaining with the States, there might be difficulties, and the matter might take time; but what I am suggesting are measures which the Government of India can take today if they will only realise the seriousness of the situation. Remember that Bombay has been bearing a very heavy burden. Bombay, as my friend, Sir Cowasji Jehangir, has pointed out, has believed in balancing her Budgets, though as events have turned out, very foolishly. Bombay has imposed on her citizens a very high level of taxation, and her trade and industry have been crippled very badly by foreign competition. On the top of that comes this attack upon the port and the trade of Bombay, and I ask my friends whether they are prepared to complacently look on without taking any effective steps to help us. I hope, Sir, now that my friends, who hail from Bengal, have secured a windfall, they will fraternise with us, that we shall all be brothers,—the people from Bengal and the people from Bombay,—and that when I speak for Bombay, the people who will strongly support me will be, not my friends, Sir Cowasji Jehangir or Sir Leslie Hudson, but my friends from Bengal, or even, though of course it is rather a forlorn hope, from Bihar! I am bound to say that by the action which the Finance Member has taken in respect of Bengal, he has let loose in a sense the dogs of inter-provincial war. I hope, however, that all Provinces will get proper justice, and not any one single Province; if my friend does not know how to do justice between the various Provinces, I will ask him to toss up and make amends to each Province in turn; I hope that it will be Bombay's turn on the next occasion.

Sir, I have nothing more to say. I congratulate the Honourable the Finance Member on leaving India's financial and economic position in that very sound condition in which he is leaving it to his successor, and I feel that our warmest appreciation is due to him for the way in which he has discharged his duties. I hope my Honourable friend realises that those who are loudest in their praises of him are not the people to whom he has given subventions or assistance, but those people to whom he has administered,—if not exactly a parting kick,—very cold comfort! I trust

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my Honourable friend appreciates that it is the people from Bombay who are most mindful of the amenities of public life, and who can even ignore a grievance on an occasion of this character.

**Bhagat Chandi Mal Gola** (Delhi: General): \*I am thankful to you Mr. President, for giving me an opportunity to be able to express my views on Government's policy. The Honourable the Finance Member, while introducing the Budget, announced the reduced rates for letters and telegrams. But, I regret to have to say that Government have made a great mistake in not having come to the help of the poor. The poor people do not make much use of envelopes or telegrams, but they use the post card most. Government ought to have reduced the price of the post card from three pice to two pice. This would have given a great relief to the poor and would have brought more income to Government.

Government have made a great mistake in taxing the daily necessities of the poor. By levying duties on matches and tobacco, they have made the lot of the poor still more miserable. These are the most essential articles of use without which a man can't do. I hope Government will do something for the poor. What a pity only such taxes are being imposed which hit the poor; on the other hand, relief is being given in matters which benefit the rich only.

*"Kardne ko koi insaf is darbar main ae,  
Sar-i-taslim kham hai jo mizaji-i-yar main ae."*

"I have come to you for justice. I am at your mercy, do what you like."

**Raja Sir Vasudeva Rajah** (Madras: Landholders): Mr. President, this is the last Budget of the present Finance Member, the Honourable Sir George Schuster, who is due to retire, much to our regret, in a few weeks' time. During the incumbency of his for five years, whatever differences we may have had with him on the broad questions of policy and finance, there can be no two opinions that his unfailing courtesy to the Non-Official Benches and his spirit of compromise and reasonable attitude towards the proposals that emanated from this side of the House have awakened in the minds of the Non-Official Members a genuine feeling of friendship and sincere regret at his impending departure.

Turning to the Budget itself, it is clear that, but for the transfer to the general revenue of over three crores from the amount set apart for the reduction and avoidance of debt, and over a crore and a half of rupees received on account of the capitation charges, there would have been a deficit of over four crores in the current Budget in spite of the 25 per cent. emergency surcharge imposed two years ago which have failed to bring the two sides of the account on a level as was expected when the emergency proposals were made. The Finance Member himself has admitted that there has been an enormous drop in the customs revenue and the income-tax has been heavily cut into. From this it is clear that the country has been passing through a period of abnormal depression and the extent of the trade and industries of the country can only be measured if we recall his own words. that the average profits of the Joint Stock Companies have come down from 58 crores to 29 crores. This is

\*The above is a translation of the Honourable Member's speech delivered in the vernacular.

a very fair index of the deplorable depression that has overtaken this country and the Non-Official Members cannot be blamed if, therefore, they resisted the imposition of the heavy burden thrown upon the country since two years. Added to this we have to find another 1,53 lakhs for the next year resulting in heavy taxation of the primary commodities and articles of consumption such as tobacco, sugar and matches. We feel this is not an opportune moment for saddling the country with an additional burden when it is already groaning under the surcharges and other heavy taxation levied during the last few years.

Regarding the income-tax, I wish once more emphatically to protest against its rate which, as the Finance Member has already pointed out, has failed to respond to the additional income expected from this source. We do not know what has been done to the proposals so numerous supported by the Members of this House that the assessee should have at least a right of an appeal to an independent tribunal. The assessee in India feel that the considerations that prevail in assessing a person to income-tax in England are entirely overlooked in making the assessments here, no deduction being allowed on account of the wife, children and dependents whom they have to support or even for the conveyance maintained by the assessee for his personal or professional use.

Another point to which I wish to draw the attention of the Government is the remission of the export duty on raw hides. The tanning industry in India, and particularly in Madras, received some protection from this source. But I am afraid the Finance Member has not realised the effect of the abolition of this duty on the young but rising industry in the country. (Hear, hear.) He frankly admits that the duty has been removed in order to facilitate the export trade in such hides. But it is not known to what extent India is now in a position to consume her own output of such hides and how the removal of this duty will react upon her.

One point more I must bring to the notice of the Government of India for their serious and urgent consideration, and that is the present deplorable straits to which the agriculturists and landowners of the Madras Presidency have been driven owing to the dumping of foreign rice into the market. This has brought the price level to a figure at which the agriculturists can hardly make anything and we are finding it difficult to find tenants to cultivate our lands on the basis of profit now left to them at the present prices, because nothing is left to them. I have had numerous instances of voluntary relinquishment of lands this year for the first time and in most cases they remain uncultivated for want of tenants. Whether cultivated or not cultivated, we have to pay the revenue once assessed, and this year I have to pay assessment on about 800 acres of land that have been so given up. This state of things cannot go on very long and Government will find themselves confronted with an unprecedented situation in collecting the Government dues. Remissions have had to be given during the last two years, but it has not eased the situation in any appreciable degree. From the *Hindu* of the 27th February, I find that Liner S.S. "Akibasan Maru" arrived in Madras harbour on the 26th February morning with a consignment of rice and green peas from Bangkok. The paper says:

"This is the third shipment for the month and the largest single consignment so far received being 3,034 tons or 28,336 bags of raw broken rice. It is surmised that the recent increase of export is probably due to an apprehension that in the next official year a tariff will be imposed on foreign rice."

[Raja Sir Vasudeva Rajah.]

This will show that the complaints we have been making here have not only not produced any good so far, but we are threatened with a worse and graver situation. I would, therefore, press on the immediate attention of the Government to come to our rescue by completely stopping all import of foreign rice without further delay, or at least levy an adequate import duty which will save us from unreasonable and unhealthy competition. I hope that Government will tell us definitely what they propose to do in this matter, so that we may know where we stand. While on this question of rice, I should also suggest the abolition of export duty on rice for which, I think, there is no justification whatever. This may go to some extent in raising the level of price. We produce about 32 million tons of rice. As the internal price level of rice is determined by its world price level, if the export duty of two annas and three pies per maund is abolished, the price level of rice will rise by that amount which means an increase in the national wealth by about Rs. 11 crores. If the sacrifice of a small revenue to the Exchequer by the abolition of this export duty will bring to the people an amount which will be of very substantial advantage, the sacrifice is really worth making. I trust this iniquitous tax will soon disappear to the great relief of agricultural classes. Unless you conciliate the cultivator, who is the backbone of the country, you will be driving him to despair and it will give a free handle to revolutionaries and terrorists to work on their discontented minds.

The case of cocoanut and the import of that article from Ceylon is another matter requiring Government's serious consideration.

In conclusion, I should like to say that the suggestions I have made are inspired by the single desire to assist the Government in their difficulty to cope with the present situation. I submit that retrenchment all round would have obviated the necessity of fresh taxation this year of unprecedented depression. The agricultural population of India have been the greatest sufferers more than those in any other country. The fact that they have remained quiet in their hour of trial is solely due to their stoical asceticism which have made our countrymen resign to their fate.

Now that Government are on the eve of momentous changes in their constitution, it is hoped that they would be responsive to the popular demands as voiced by their representatives in this House.

**Sir Abdur Rahim** (Calcutta and Suburbs: Muhammadan Urban): I am not in the habit of indulging in congratulations to Honourable Members on the opposite side, not even to my Honourable friend, Sir George Schuster, although I have the greatest admiration for his talents and his devotion to the interests which he is here to guard. But on this occasion I think I can honestly congratulate him on the statesmanship and foresight which he has shown, at any rate in some of the proposals of his Budget. I do not think that in certain particular matters there is much of agreement on this side of the House, but all the same, I do congratulate my Honourable friend on the courage and statesmanship he has evinced in dealing with them. I shall come to that later on.

Last year I had occasion to point out to him that merely balancing the budget on what he calls sound financial principles is not sufficient. A country's budget may be balanced and yet it may present a very false picture of the economic condition of the country. My Honourable friend recognises that the budget of a country should reflect the economic condition of its people. Sir, as regards the economic condition of the people, he has told us this year in a very interesting portion of his speech that the Government of India, of which he is such an important Member, have always had that question before their mind's eye and that they have always been trying to do their best to improve the position. But he says that the last three or four years have been difficult times for every Government, and, therefore, the Government of India like other Governments had to suffer and had to wait. We all know that this economic depression has inflicted great hardships on all countries, including our country. We also know that the World Economic Conference which was held in London was unable to come to any agreement among the nations and to find a remedy. But I should have liked to know from the Honourable the Finance Member, whose experience and knowledge of these questions nobody can deny, what were the particular causes which have affected us specially, and are there any remedies available which he is able to suggest? He recognises, everybody has to recognise, that India is merely an agricultural country, and the entire wealth and resources of the people depend upon agriculture. Agricultural prices have fallen seriously and there is no sign yet of their recovery. India is a debtor country, she has to meet a large demand in respect of her debts, and it is mainly with her agricultural products that she is able to meet that demand. So far as that is concerned, there is no sign of improvement in the economic condition of the people. As regards the revenues of Government generally, the deterioration still continues and the Honourable Member has told us himself that we are not yet out of the wood, and, therefore, he has given us another emergency Budget. Under the circumstances as he finds them, under the conditions in which he has got to work, under his limitations, he had no option, I take it, but to rely upon the same measures which were started in September 1930. Sir, my complaint has been, and it is the complaint of most Members on this side of the House, that the traditional financial policy of the Government of India, which my Honourable friend has to carry out, is not so sound as we should like to see. We are really moving in a vicious circle. If our outlook is only to balance the Budget out of the revenues of the Government, leaving the expenditure substantially as it is, naturally the Government of India have got to resort to heavy taxation which the people of the country, business, trade and commerce in the country cannot bear. The result of it is that there is no sign of improvement anywhere, and my Honourable friend fully recognises that. No one knows how long this world depression is going to last. Nobody can foretell that. We all know, as a matter of fact, that every country is now trying to be self-contained with respect to the necessities of life. We know that, so far as agricultural products are concerned, there are other countries competing with India and India has to face that competition. It will not be possible for India any longer to rely solely upon her agriculture in order to enable the Government of India to get their revenues and to enable the people to improve their own condition of life. This also is admitted by my Honourable friend. Then, what is left? I think he has made it perfectly clear in his own speech that it is not possible for India to go on like this indefinitely. We must be able to increase the purchasing power of the people, and that can only be done

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under the present conditions by industrialising the country. One method that has been adopted so far is protective duties, and that, in the natural course, has led to the diminution of the Government of India's revenue and the Honourable Member says: "I am obliged under those circumstances to have recourse to excise duties, so that the Government Budget may be balanced". That is what I call the vicious circle. The Government of India have to get out of it. The real immediate necessity is for further economy and I do want to impress upon the Government of India that they have to economise in a direction which is still possible. Every year in this House we have been urging upon the Government to reduce the military expenditure to a figure which the people of the country and the revenues of the country can bear. I acknowledge that this expenditure has been reduced from 52 crores to 46 crores.

**The Honourable Sir George Schuster:** From 55 to 44.

**Sir Abdur Rahim:** I stand corrected, but may I remind the Honourable Member that at one time the military expenditure went up to 65 crores. I speak from recollection. Then the Inchcape Committee came and they recommended a reduction to, I believe, 52 crores (*An Honourable Member*: "51") 51 or 52. The military authorities were able to effect it, but again economic depression came and the revenues of the Government went down further and they had to reduce it to the present figure. Now, Sir, if you look at the history of military expenditure in the last 15 years or so, the House will find that it has been adjusted to the amount of revenue which the Government of India have been getting. In more or less prosperous times, the military expenditure goes up at once. Then, when economic difficulties come, they have to curtail the expenditure. The criterion which we would suggest to the Government of India is this, that the military expenditure must be reduced to a level which the country can bear and which will meet the actual necessities of the case. The other day we discussed the finding of the Capitation Tribunal. The Honourable the Finance Member has been greatly helped by the one crore 78 lakhs that has been received or will be received from His Majesty's Government as a contribution to the Indian military expenditure. He tells us that the House has already been fully informed of the facts of that case, but I am afraid he forgot, when he made that statement, that we are far from being satisfied with the material supplied to us in order to find out whether justice has been done to India or not. Almost every one, who spoke on that occasion from this side of the House, complained that sufficient materials were not supplied to us. We had only brief summaries of the notes of dissent of the two Indian Judges who sat on that Tribunal. Even their full notes have not been supplied to us. Then we asked for the case which the Government of India submitted to the Tribunal, to be placed before us, so that we might be in a position to be satisfied that, as a matter of fact, justice had been done to the claims of India. No more materials have been supplied as yet. I asked the Army Secretary if it was not a fact that if the case, as put forward by the Government of India, was fully accepted, then the contribution, which India would be entitled to, would be much more than what has been conceded. He said, yes. The only explanation that was given by the Honourable the Finance Member in his speech was: "we the Government of India did our best, we advocated the cause of India, but we failed". But I put it to the House that the Government of India are not a mere advocate; we do not recognise the Government of India as an advocate, we consider the

Government of India to be a responsible Government, though not responsible to us; they are a "Government", they are not counsel or barristers or pleaders. We presume that the Government of India, composed as they are, directed as they are from England by a Member of the English Cabinet, when they put forward a case before an important Tribunal like that, they put forward a case which they considered to be just and reasonable. We are entitled to know what that case was. We only know this that, if their case had been accepted, India would have received a much larger amount than two crores of rupees. Sir, there is thus still a possibility of the reduction of military expenditure so far as it is borne by the revenues of India. Sir, we know there was an inquiry by a Committee of this Legislature into the matter, but that inquiry was not complete. The Committee went into certain administrative or ancillary departments of the Army, but the other questions were not dealt with in any way. The case is, that the Army here is maintained more for Imperial purposes than purely for the defence of India, and I say we are entitled to a larger contribution from England towards this expenditure. Sir, I do not wish to say anything more now on the subject, which will, I think, be debated again later on.

I wish now to say something about my Province. I am, Sir, in a very difficult position. I am surrounded by very hungry stalwarts of Bombay (Laughter) (*An Honourable Member*: "Wolves"), by my friends from Madras and even by some from the Punjab, and Bengal, which is said to be favoured by the Government, is not unfortunately favoured by my own friends. I say, my Honourable friend, Sir Cowasji Jehangir, can have no reason to be envious of Bengal. If he knew the difficulties that my Province has to go through, which the Government of that Province has to go through, he would not only not be jealous, but he would be very sympathetic. Sir, our trouble began, as that of Bombay, with the Meston Settlement. Ever since that Settlement, the Government of Bengal, not the terrorists, not those who practise civil disobedience, but the Government of Bengal, headed by Lord Ronaldshay, now Lord Zetland, Lord Lytton, Sir Stanley Jackson and the present Governor, Sir George Anderson, repeatedly, I believe more than once a year, have been urging the case of Bengal. They have been pointing out how unjust and unfair this Meston Settlement was to Bengal. Sir, I do not know about the other Provinces, but I can say this that, so far as Bengal is concerned, the result of the Meston Settlement was that the Government of Bengal have been able to spend the *least* amount for the benefit of the people of Bengal,—the *least* amount of any Province in India. And, Sir, what are the facts? We are not really asking for a subvention or a dole. Jute is a monopoly of Bengal. Bengal alone produces jute. Suppose we did not grow jute at all, what would be the jute export duty?

**Sir Cowasji Jehangir**: Supposing India did not produce anything at all?

**Sir Abdur Rahim**: Sir, if Bombay is able to produce anything, it is by means of the protective duties, which we all of us have to bear. (Loud Applause.)

Sir, there is a feeling in Bengal that if the poor cultivators who grow jute are to derive no benefit and if the masses of people in my Province are to derive no benefit, then in that case it is not worth while producing jute at all. Sir, we are not asking for anything which we do not produce. We are entitled to the full jute export duty, and that is our claim (Loud Applause), and we will go on insisting on that. (Hear, hear.) It is a

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case of dire need so far as Bengal is concerned and we want what we are entitled to—just as in the case of any other crop, rice or wheat, a Province is entitled to that, and we are entitled to jute and all that it brings. (Hear, hear.) Sir, if jute has been made a source of Central revenue that is against our will and against our consent, and, therefore, we are not asking for any dole or charity. Bengal is a very poor Province, but I think Bengal has a certain amount of self-respect and Bengal wants only fair play. We do not want to be unjust to any other Province. The attitude of Members from Bengal has shown that we are always ready, in the interests of the entire country, to grant to every Province what is its due. I for one am a great admirer of the Province of Bombay. I am not jealous of Bombay. I admire Bombay's business enterprise and we are ready to pay for it. We make our contribution, a pretty heavy contribution. The same as regards wheat, for instance. We are not jealous of the Punjab; we have to bear some burden in order that the Punjab agriculturists, amongst whom I have so many friends, may prosper. Therefore, in the case of Bengal, what we are asking for is bare justice and fair play; and I congratulate my Honourable friend, Sir George Schuster, who has made this proposal, knowing as he does the feelings, the inter-provincial, the inter-communal feeling that exists in this House, that it requires a certain amount of courage to put forward such a proposal. I do hope also that my friend, Sir Cowasji Jehangir, or his Province does not really want to deprive Bengal of her just dues. I can assure Sir Cowasji Jehangir that we on our part also will be just to Bombay's case. While I am on this subject, I may be allowed to say that we put forward the case of Bengal before the Joint Parliamentary Select Committee and whatever my friends, Mr. Mody and Sir Cowasji Jehangir, may say, Bengal for some reason or other is not favoured by anybody. I do not want to discuss that, but the Joint Parliamentary Select Committee were convinced that there was a good case for Bengal, and, but for the necessities of the Central Government, we would have pressed for the entire jute duty for ourselves. On the Joint Parliamentary Select Committee at least I did not hear that any other Province had any particular grievance to put forward.

**Sir Cowasji Jehangir:** May I point out to the Honourable Member that in the Third Round Table Conference the case of all Provinces, who contribute to the Centre, through the income-tax, was fully discussed and Bombay's case was fully represented along with that of Bengal. And may I also point out to the Honourable Member that both Bengal and Bombay stand exactly in the same position with regard to the Meston Settlement, and we have both complained about it from exactly the same time.

**Mr. A. H. Ghuznavi:** Quote it from the report.

**Sir Cowasji Jehangir:** My Honourable friend's ignorance (referring to Mr. Ghuznavi's interjection) is colossal, and, therefore, I cannot help him. I do not know whether he was a Member of the Committee, but I do want to tell my Honourable friend opposite that if he is ignorant he had better not betray it in this House.

**Sir Abdur Rahim:** I do not mean to suggest that Bombay did not have a case against the Meston Settlement. Though I was not a Member of any of the Round Table Conferences, I know it as a matter of fact that

they objected very strongly to the Meston Settlement. All that I said was, and I can say that without any fear of contradiction, that in the Joint Parliamentary Select Committee we had no positive case or grievance put forward by any Province except Bengal. Anyway, as I have said, so far as we from Bengal are concerned, we will keep an absolutely open mind whenever the case of Bombay or of any other Province comes before the House as indeed we have always done.

Then, Sir, there is another matter in which, I think, the Honourable the Finance Member has done justice to a large class of men and they are the exporters of hides. He has rightly pointed out that that trade was about to be extinct owing to the hide export duty. I know my friends from Madras feared that the hide duty was likely to interfere with the tanning and the connected business that flourishes in that province. I do not think that that would really be the case. I have not the figures before me, but my recollection is that, as a matter of fact, there are lots of surplus hides which could safely be exported without injuring any tanning industry in this country, and I do think that, by the removal of this duty, the Government of India will be strengthening the economic position of a very large class of people, not only in my Province, but in the Provinces of Bihar, Punjab, the United Provinces and Burma. I, therefore, entirely support the proposal of the Honourable the Finance Member regarding the hide duty.

As regards the excise duty on sugar and the arrangements which the Honourable Member has proposed, I should like to know from him one fact whether it is proposed to take off the surcharge from the sugar duty.

**The Honourable Sir George Schuster:** No, certainly not. I made that perfectly clear.

**Mr. President** (The Honourable Sir Shanmukham Chetty): There has been some confusion on that point, and the Honourable Member should perhaps make it clear, to save any further waste of time, that the import duty would still remain at Rs. 9-1-0 per cwt.

**The Honourable Sir George Schuster:** Certainly.

**Sir Abdur Rahim:** It was not very clear. I read the speech.

**The Honourable Sir George Schuster:** I think I made it quite clear by saying that the effective margin of protection would be Rs. 7-12-0 per cwt., that is, the difference between Rs. 9-1-0 and Rs. 1-5-0.

**Sir Abdur Rahim:** Is that the protection that is to remain, or in addition to that there will be the surcharge?

**The Honourable Sir George Schuster:** That is the protection that is to remain. The import duty remains Rs. 9-1-0.

**Sir Abdur Rahim:** What about the surcharge?

**The Honourable Sir George Schuster:** That remains on the import duty.

**Sir Abdur Rahim:** If that is so, then the position is quite clear.

Sir, my Honourable friend has, as I said, given us a very interesting account of the relation between the economic position of the country and the finances of the Government of India. But may I suggest to him another thing. We cannot have a proper picture either of the finances of India as a whole or of the economic position of the people as a whole, unless we have also something before us to give us the picture of the Provinces as well. If we had, for instance, on this occasion a statement of the financial position of the Provinces, then, in that case, much of the controversy, that has arisen on some of the proposals of my Honourable friend, would have been obviated. I should like him to consider if it would not be possible—not for him, but for his successor—to give us at the time, when the Budget of the Government of India is presented, some account also of the Provinces, because, after all, without the Provinces any idea of the financial and economic position of the country would be incomplete.

Sir, one word more and I have done. I will conclude by saying that the present Budget of the Honourable Member has given us much greater information about the financial position than his other Budgets. We entirely sympathise with the Honourable Member in the difficulties he has been going through. He has carried out, as he is bound to do, the policy of the Government of India and he has boldly faced the situation. Sir, as this is his last Budget and as he will be leaving us soon, I wish to add my tribute to the manner in which he has discharged his duties and wish him all happiness and prosperity in his future career. (Applause.)

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

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

**Mr. B. Das:** Sir, there are two revolutionary features in the Budget which the Finance Member has introduced this year and which will have very far-reaching and revolutionary effects in the future administration, not only of the Central Government—which is going to be a Federal Government soon—but of the Provinces. The two revolutionary features are these. One is that the Finance Member has drawn on almost every aspect of the Federal Reserve Finance that was designed by the Federal Finance Committee and that the future Federal Government would have drawn. He has almost exhausted those taxes. The other is that he has roused inter-provincial bickerings and inter-provincial jealousies which are not only a feature in this Budget debate, but which will continue and be a feature in our public life in India.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadian Rural): Is it his fault or yours?

**Mr. B. Das:** We contribute equally to that and must bear an equal share of the responsibility.

Sir, my Honourable friend must admit that the excise duty on matches or the other taxes that he has introduced this year would have been a feature had there been a Federal Legislature today and would have gone to increase the funds at the disposal of the Federal Government, so that the Federal Government would lighten the burden of the Provinces and would give them the necessary relief, and that was the recommendation not only of the Federal Finance Committee, but also of the Secretary of State as contained in the memoranda of Sir Malcolm Hailey to the Joint Parliamentary Committee and to which the Honourable the Finance Member was no doubt a party. If the Provinces are to enjoy their full share of the income-tax, the Federal Government would need more money and for that the excise duties on matches and tobacco and similar taxes were recommended to be Federal Revenues. But my Honourable friend has already appropriated those revenues to balance his Budget.

Sir, one special feature of the Honourable Member's Budget this year is that he has tried to tinker with the scientific planning of taxation. I have already expressed the view on several occasions, and I again wish to state that the time has come for the Finance Member of the Government of India to depend more and more on specific duties for Customs revenue and on excise duties on manufactured products to meet the future demands of the Government. Much stress has been laid on the fact that the sugar excise duty will be a burden. We will have ample opportunities to discuss whether it will be a burden or it will not be a burden, but in future Budgets excise duties will be a general feature which we have to recognise and admit. And this is not a new surprise. The Percy Committee laid particular stress on it, and, even before that, the Taxation Inquiry Committee made recommendations that tobacco should be a Federal Revenue and that source of revenue should be explored. While the Percy Committee suggested that the time was not yet ripe for tobacco to be taxed, the Honourable the Finance Member in his difficulty has taxed that item. Sir, my grouse against the Finance Member is that the two crores which he has received as contribution from the British Government towards the cost of defence of India he has appropriated for meeting the exigencies of the Central Government's needs. But as one who has read and followed the discussions of the various Federal Finance Sub-Committees' and the Percy Committee's reports, I would have thought that this money, that came as a relief to the Central Government, would have gone to meet the needs of the Provinces. But that hope has been belied. The Percy Committee recommended that matches should have an excise duty and foreshadowed that it was under active consideration of the Government of India. While the Government of India have appropriated that excise revenue, how far it is purely the Government of India's own receipts or whether it will go in future completely to meet the deficits of the Provincial Governments, that the Finance Member will have to consider in the near future.

I have to utter one word of sympathy with the Finance Member on the way his colleague, the Railway Member, has repudiated the contribution of six crores to the general finance for the last four years. The Honourable the Finance Member is so much afraid of the Honourable the Railway Member that he does not state in his Budget speech that the Railway Department should pay interest on these 24 crores that are now due to the general finances.

**Mr. N. M. Joshi** (Nominated Non-Official): What will you get?

**Mr. B. Das:** I want the capital and the interest. I want the Government of India to claim from the railways not only the money, but the accruing interest on those outstandings at the rate at which the companies pay interest on borrowed capital.

**Mr. N. M. Joshi:** That is simply a transfer from one pocket to another of the same person.

**Mr. B. Das:** My Honourable friend, Mr. Joshi, who is a party to the Statutory Railway Authority, and who has handed over the whole railways to be managed or mismanaged, as it liked, by a constituted Railway Authority, says that it is a transfer from one pocket to another. Certainly not. It is from the tax-payer's pocket to an organised body who will manage it as they like or mismanage it as they like, under the guise of commercial control. And we want a guarantee and I want my friend to make a statement that he is going to realise this accrued sum of Rs. 24 crores which the railways owe to us and that he believes that these six crores or 5½ crores which the Percy Committee took into account in the Federal Finance Committee's report would be a permanent feature of general finance and the Railway Statutory Authority will not evade payment of it.

Every year in the Budget discussion, I had the privilege of suggesting some new items of taxation, which the Government always evaded. Now also I would like to mention some new sources of taxation which might be exploited to the advantage of the nation. I suggest that there should be an excise duty on solid vegetable oil products, which is known as vegetable *ghee*, that there should be speedy equalisation of the import duty and excise duty on kerosene and allied products. Then, again, the Honourable the Finance Member is so afraid of Mr. Neville Chamberlain, the British Chancellor of the Exchequer, that he cannot put an export duty on gold. It is high time that he took courage in both his hands and give us a parting gift in the shape of an export duty on gold. I would also welcome very much an import duty on rice so that Japanese and Siamese rice—like the Siamese twins—should not come in and lower the price of rice in our country further.

One particular feature, if you look at the receipts from taxation, is, as my Honourable friend, Sir Leslie Hudson, pointed out, that there is diminishing return throughout. I find that there is evasion of taxation in many directions. Take, for instance, the income-tax. I congratulate the Honourable the Finance Member and the Finance Secretary on the nice explanatory memorandum they have circulated in which they have given statistics and figures for ten years. We find from it that while in 1921-22 income-tax receipts were Rs. 21,89 lakhs, they have now gone down to Rs. 17,15 lakhs; and the collection expenditure which was 20 lakhs in 1921-22 has gone up to Rs. 85 lakhs. But what has happened? The upper and lower middle classes are paying through the nose—the thousand rupees lower level has come and surcharges have come, but there has been evasion of taxation by the rich. Why should the rich evade taxation? Has the Honourable the Finance Member ever thought of it? I suggest that there should be an expert Committee to inquire as to how there is evasion of payment of income-taxes. Income-tax today is a huge burden on the middle classes, lower and upper; while the

rich, the Bombay and Ahmedabad millowners, who stated on the floor of the House in 1926, "Remove the cotton excise duty and we will return Rs. 2½ crores in the shape of additional income-tax", continue to evade it and the result is that the receipts have come down to Rs. 17 crores; and if an expert Committee goes into it, it will find that the income-tax is evaded by the rich people. The time is not come yet when I will accept my Honourable friend, Mr. Joshi's dictum that there should be a capital levy in this country—I am not going to subscribe to that. Then, what is the other alternative? Excise duty, specific duty and non-evasion of income-tax by the rich.

I said that my Honourable friend, the Finance Member had roused this inter-provincial bickering and it is sad to see Sir Cowasji Jehangir and Mr. Mody pleading for the poverty of Bombay; if you look at them, you will say that poverty is nowhere there; but I think Bengal needed this relief. If there was a Federation from 1931, Bengal would have received this much-needed relief long before. I shall take this opportunity on behalf of Bihar and Orissa also to accept with gratitude the generous gift of the Government of India towards the Earthquake relief which my friend, Mr. Gaya Prasad Singh, also acknowledged. But my friend, Sir Muhammad Yakub, was ungenerous to refer to a certain statement of my very much respected and esteemed friend, Mr. Rajendra Prasad, that he made certain ungrateful observations in his communiqué to the Press. It is possible that the full text of the Budget speech was not available at the time, and already my friends from Bihar have made atonement for it and they have expressed their deep gratitude to the Central Government. As regards this donation of Rs. 1.75 lakhs, I think if the Government had capitalised it at four per cent. and given an interest free loan of nearly Rs. 35 to 40 crores, it would have done much more towards the reconstruction of Bihar, than this donation which might be frittered away by the Local Government and local authorities, and the real construction of the earthquake area may not go on so rapidly.

I now come to the case of Orissa. Mr. Mody talked of subvention; although the Secretary of State has assured a subvention of Rs. 28.5 lakhs for Orissa, Mr. Mitra yesterday pulled my leg a bit: the Honourable the Finance Member has taken no note of the Hubback Enquiry Committee which recommended that the Government of India should take early steps to build the new Capital for Orissa at Puri and Cuttack, so that, when the Governor will be appointed next year, he can take charge of the Orissa administration without any trouble over accommodation. In writings in the press I have expressed the view that at least Rs. eight lakhs should have been budgeted for this year by the Government of India; and I hope that in a supplementary demand they will bring it up so that the Government of Bihar and Orissa can make a start with the capital construction in Orissa.

One good feature of the Budget is the strength of the financial position of the Government of India; and I welcome also the fact that our debt position is much better. But the Honourable the Finance Member has not taken us into confidence as to how much of our sterling loans was converted in England at low rates of interest: we know that last year Britain took the advantage of converting £2,000 million of her debt at low rates of interest. I do hope the Honourable the Finance Member will tell us that he has converted all our sterling loans

[Mr. B. Das.]

which were carrying high rates of interest to low rates of interest; and in fact he told us last year some time that he was in communication with the British Government: I hope he will tell us how much of the war loan, which we bore as a generous contribution to England, has been converted to lower rates of interest: in equity, Britain ought to permit India to convert all her sterling loans to a lower rate of interest—2½ or three per cent. as Britain did all her own war debts. . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member must conclude now.

**Mr. B. Das:** Although I concede to my friend the strength and soundness of his Government finance, I do not concede that he has brought strength to the national finance of India. The economic distress, due to the 18d. ratio currency further depressed through the rupee being linked to the sterling in 1931, has rendered the coffers of the Government poor, it has made the country so poor that the Finance Member has now to depend for his Budget on the harvest and monsoon as Sir Guy Fleetwood Wilson used to do in 1910 and 1912 when the late Mr. Gokhale was the champion of public finance in India. It is a pity that in the year 1934 Sir George Schuster should be thinking of harvests and monsoons. Therefore, as my friend, Mr. Mody, pointed out, I ask the Finance Member, if he cannot during the short time, he will be with us, do anything to improve the position, to at least leave a comprehensive note to his successor that Indian industries must be developed and fostered, because only by that method the economic resources of the country will flourish. Only sound national finance—not sound Government finance—will bring in succour to the economic position in the country and remove the economic distress of the nation, and bring prosperity to India.

**Mr. Amar Nath Dutt:** Sir, we are faced with a very difficult situation in criticising this Budget, as we remember that it is the last Budget of a great Finance Member who has presided over the financial destinies of this country for the past six years and who has tried his best to put Indian finance on a sound basis. Sir, I beg to submit that I have not been able to peruse the 51 pages of his speech along with the explanatory note as carefully as I ought to have done during the short time at my disposal. Not being an economist or a mathematician, I have not the same capacity to understand figures and the many economic problems discussed in the speech, and I think within the short time at my disposal it will not be possible for me to traverse the whole field that has been traversed in this great speech of the Honourable the Finance Member. Yet, Sir, I feel it my duty to say a word or two about matters presented to us in the Budget speech. It is not possible, nor is it desirable, that in a general discussion every one of us can or should traverse the whole field, and so many Members have taken up only particular aspects of the Budget in this general discussion.

Sir, let me first say something about the military budget. No doubt, it is a matter for satisfaction that the military budget has been reduced to 44 crores 88 lakhs for the next year, but, as has been observed by the Honourable the Finance Member himself, this has been possible largely to unforeseen savings from low level of prices and also to postponement of re-equipment and building programme and a reduction of

stocks of stores and permanent retrenchments and economies. Sir, in times of peace, I do not think any country is justified in keeping its military expenditure at more than 20 per cent. of the general revenues of the country. That was the dictum of the Brussels Conference, and I see that the time is yet far off when we can come to that desired figure. We have been urging and urging for the Indianisation of the Army, and I think, if a large proportion of the British Army, that is now stationed in India, were replaced by Indian soldiers, much of the military expenditure could be reduced. That is a thing which we have been pressing in this House year in and year out, but that has not been heeded to, but I think the Finance Member is not to be blamed for it. I am not one of those who will charge the Finance Member with all the sins of every one whose case he has to present. There may be certain people who even connect natural disasters like the earthquake with the sins of my friends like Raja Bahadur Krishnamachariar. I have not got that mentality, and I think that no man who has any common sense would make such statements openly in public. By this I am not to be understood that the Finance Member is not responsible . . . .

**An Honourable Member:** For the earthquake?

**Mr. Amar Nath Dutt:** My friend says "for the earthquake". If my friend accepts that logic, and I believe he accepts it,—I for one would exonerate the Finance Member from all liability due to these unfortunate occurrences. Sir, the Finance Member has tried his best to produce a Budget in these times of economic depression and natural disaster with as much sympathy and care as it was possible for him to do, and for that, Sir, the thanks of this whole House, not merely of the Provinces of Bengal and Bihar, but the thanks of the whole House are due to him, because we must all be deeply grateful to him for the very generous relief he has afforded to the unfortunate Province of Bihar, and, in this action of his, Sir, we find Schuster the man and not Schuster the financier, and, if Honourable Members were inclined to make a true and just estimate of the services rendered by that great financier, they will find in it the things that are uppermost in his heart to benefit the country. I wish, Sir, that he had also the same free hand in framing the military budget, but as he has not a hand in it, he had no other alternative but to accept the figures given by the military authorities.

Sir, I have another grievance against the Government, and not against the Finance Member. My belief is that retrenchment has not been carried out to the fullest extent necessary considering the needs of the country at the present moment. Honourable Members are aware that there is acute distress everywhere in the country, and there is also great destitution in the country. Look at the poor agricultural masses. They hardly get one meal a day. Look at the professional man. His income has been reduced by more than fifty per cent., and yet, Sir, we do not find that much has been done to retrench the salaries of highly paid officials of the Government. At one time it occurred to me whether we exist for the services, I mean whether the poor tax-payers exist for the services, or the services exist for the people. In private firms, Sir, I know people who were drawing Rs. 500 and Rs. 600 have been told that they could not be paid so much; they were told that they could be paid not more than Rs. 200 and they were told "You can stay on if you like,

[Mr. Amar Nath Dutt.]

we shall try to keep you on, but we cannot pay you more. If you think that you deserve more and you cannot continue your services here for less than the salary you are now getting, you can leave". And we know that they accepted it. If the same ultimatum had been given, and if it were possible for us to give the same ultimatum from the floor of this House to the high paid officers of the Government: "We can pay you this much and not more." I believe that many would have stuck to their posts, not only because they would not be able to get higher salaries elsewhere, but also because of a high sense of patriotic duty and also a sense of serving India for which the Englishmen have come out here. In this connection I have suggested more than once, in these hard days not to retrench men, but to retrench the salaries. (Hear, hear.) And I know from the lips of retrenched men and also from those who expect retrenchment that it is better to have lesser salaries than to be retrenched and thrown on the streets. What I, therefore, say is, don't retrench a single individual in this time of distress and deprive them of their bread, though that is what the Government are doing. The Government are retrenching men, not the salaries. I beg to submit that, if better times come, they will have their high salaries, but when better times are not in sight, please don't retrench a single individual and make them starve in order to keep a few highly paid officials in service.

When I looked through the demands for grants, I found that justice had not been done to certain departments which deserved more consideration than others. The great Viceroy, Lord Curzon, had a great imagination when he undertook measures to preserve the ancient monuments and relics of ancient civilisation and started the Department of Archæology. And what is the grant? Nobody speaks for the Department. What is the grant for the Department? It is only a little over Rs. 10 lakhs. I say that for a Department like that, which throws valuable light on the history of our ancient culture and civilization—such as the Indus valley civilisation—is unable to carry on the work as it should, as the department is being starved at present and cannot carry on their great work for want of an adequate number of subordinates and officers. There is no provision for even training probationers in that Department, which is a specialised department. I think some attention should have been paid to this Department which will throw much light into the greatness of our ancient Indian history and civilisation.

There have been certain excise duties on certain articles about which much has been said in this House, and there has also been objection to the same. So, I shall not traverse the same ground over again. With respect to matches, I do not know whether it will yield much in the shape of excise revenue considering that the indigenous method of iron and stone for making fire may be resorted to when we find that matches are very dear.

As regards postal and telegraph rates, we would have welcomed a two pice postcard instead of a four pice envelope, and that would have given more relief to the poor. We expected the abolition of income-tax on Rs. 2,000 and below and also the imposition of surtax, but that has not been done. We have been told of agricultural and industrial expansion. There may be industrial expansion, but what is meant by agricultural expansion I do not really understand. Of course, I find mention of irrigation works being undertaken, and if that is called expansion, I submit that such expansion is

not needed, for when steps have been taken to guard against overproduction of sugar, why not take the same steps about agricultural produce also? We find one line in the statement of the Finance Member that certain legislation will be brought into this House by which the Local Governments will be able to fix the price of sugar. Why not do the same thing with respect to rice which affects millions of my countrymen? If the Government can do this with respect to one agricultural produce, I mean, sugar cane, how can it not be done with respect to rice? As regards finding out ways and means, I am not an expert in the matter, and I cannot say. We leave it to the Government to devise means to see that the price of paddy or rice does not go down below a certain level. Of course, I agree with my Honourable friend as regards the difficulties of production control; probably it is not possible to have production control at the present moment as it is being undertaken in the United States of America.

About certain grant to Bengal which is rather a belated one, there is raised some protest from some quarters beginning with my Honourable friend, Mr. Reddi, down to my Honourable friend, Sir Cowasji Jehangir.

**Mr. A. H. Ghuznavi:** It is not a grant. It is our own money which we are getting back.

**Mr. Amar Nath Dutt:** Yes, but they say grant. Even if it were so, I can well understand Sir Cowasji Jehangir protesting against this just adjustment of Bengal's claim, but I do not understand why my Honourable friend from Madras should object to it. If he looks at his own contribution to the central finances I think he will be disillusioned immediately, but probably that is not his task.

**An Honourable Member:** Madras is a poor province.

**Mr. Amar Nath Dutt:** I think that my Honourable friend, Sir Cowasji Jehangir, was a little too hard upon Bengal when he referred to it. I quite sympathise with him when he pleads for his own Presidency, but the way in which he put it led us to think that in his heart of hearts he is jealous, and, whether he gets anything or not, he wants that Bengal should not get it.

**Sir Cowasji Jehangir:** That is not correct.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member must conclude now.

**Mr. Amar Nath Dutt:** The whole subject has been dealt with in a very able and dignified manner by the Honourable Member from Bengal, Sir Abdur Rahim.

Lastly, I may say that we are all grateful to the Finance Member for the balanced Budget which he has produced and for the six years of service which he has rendered to India, and we wish him all happiness in his retirement and we hope that he will never forget India, and, quoting the words of our great Poet Tagore, I would say to him:

*"Hauk Sundara taba  
Bidayer kshan."*

*"Let love's roseate hue  
Pervade our farewell to you."*

**Mr. N. M. Joshi:** Mr. President, though I have the honour of following my Honourable friend from Bengal, I assure you that I have no desire to turn this debate into a wrangle between Bombay and Bengal and other Provinces. We all know how grievously our country has suffered on account of the inter-communal wrangles. I am afraid, if we do not act wisely, it is quite possible that our country may suffer still more on account of inter-provincial jealousies. Moreover, I shall have an opportunity of speaking on this subject later on, but I would say one word to the Government of India and to the Members of the Legislature, that, in a matter of this kind, where the rights of the different Provinces are concerned, it is much better that the decision should be left to an impartial and scientific body than that a decision should be taken by either a Government or a Legislature on political grounds.

When the Honourable the Finance Member made his speech, he gave us one warning. He said whatever we may say about his Budget, we must not say that he or the Government which he represents was drifting. I was one of the Members who, during the discussion of the Railway Budget, stated that the Government of India were drifting and were being carried one way or the other either by the force of the current of the stream or by the breeze which blows over it. I assure you and the Honourable the Finance Member that I shall not say that the Government are drifting, but I should be permitted to find out how far the proposals made by the Government of India are made in accordance with a plan which they had made before and announced before. Before going into the details, I must say one thing, that the Honourable the Finance Member has given a long explanation as to what the Government of India have been doing. He says that not only our Budget is balanced, but that the economic condition of the country is improved. I am glad of one thing, that the Honourable the Finance Member has thought it right to give an explanation as regards the criticism which has been offered on this point. I feel that his explanation is plausible. However, I am grateful to the Honourable the Finance Member that after all he is not indifferent to our criticism. He has shown himself responsive to the criticism, and I feel that the battle for having a planned economics in this country, if not half won, is at least seriously begun. I feel that as the subject of planned economy is going to be discussed on a cut motion, I shall not deal with that subject fully, but I would try to examine the Budget of the Honourable the Finance Member from this point of view.

The Honourable the Finance Member has brought out a balanced Budget and he has done that by four methods, firstly, he has reduced the contribution for the avoidance and reduction of debt. Well, we must admit that he has done it by a plan. Secondly, he has received some grant from the British Government on account of the decision of the Capitation Tribunal. I am sure, this is not by a plan. He has received some money by way of recovery of the loan from the Persian Government. Then, the Honourable the Finance Member has also balanced the Budget, because the rate of interest has come down and we have to pay a smaller amount of money by way of interest on the loans that we have taken. I am sure, even the Honourable the Finance Member, although he claims that he has on the whole not only protected the credit of this country, but improved it, still I am sure he will not say that the world factor has not played an important part in this matter. Is there a country in the world where the rate of interest has not gone down? People in the whole

world find it difficult to get their money employed. They have no confidence in the private capitalists. They are willing to offer money to Governments and all over the world the rate of interest has gone down, and although I am prepared to give the Honourable the Finance Member whatever credit may be due for the steps which he has taken to buttress our credit, still, I am sure, he will have to admit that the credit is not entirely due to him.

Then, the Finance Member has stated that the British Government has postponed the payment of interest on the war debts. May I ask the Honourable the Finance Member what steps he has taken as the British Chancellor of the Exchequer has done for the cancellation of war debts? It is not enough that we should postpone the payment of the interest on war debt, but, as the other Governments in the world have taken active steps for the cancellation of the war debts, I think it is the duty of our Government to follow suit.

Then, the Honourable the Finance Member has balanced his Budget by making a cut in the expenditure. He has in the first place cut  
3 P.M. down the salaries. I feel that there are some officers maintained by our Government in whose salary a cut may justifiably be made. But I feel that a cut made in the salaries of people, who get very small salaries and who have no margin of saving, is a wrong thing. It is a wrong done to those individuals and it is a wrong done to the country, because, by reducing the purchasing power of a large number of people, we are not helping towards the recovery which we are all aiming at.

Then, the Honourable the Finance Member has also balanced the Budget by refusing to spend money on projects on which we should have spent money. I shall not go into the question of industrial development, but I shall restrict myself to some objects on which the Government of India should have spent money. The Government of India are not paying a large number of their men properly. They have not provided for their future. Take, for instance, the inferior servants. They get a small pension of either Rs. 4 or Rs. 6 a month. The Government of India should have increased their pensions, and, if they had increased their pensions, the purchasing power of these people would have gone up. Well, I shall not go into this question also at length, because, by your indulgence and by the indulgence of the House, I may be able to place that subject before the House at greater length on another occasion.

Then, the Honourable the Finance Member has balanced his Budget by fresh taxation. I shall not also go into the details of the taxation proposals on this occasion, as I feel that that subject may be dealt with more fully on another occasion, but I shall say this that the Honourable the Finance Member is still pursuing his iniquitous policy of taxing people without any regard to their ability to pay taxes. He has been increasing our indirect taxation, which falls upon the people not in accordance with their ability to pay such taxation, but in accordance with the goods which they consume. Then, the Honourable the Finance Member must remember that when we levy taxation, we must see why we are levying that taxation. Everybody here admits that a major portion of the Government of India's revenues is spent on military expenditure and this military expenditure is necessary not, certainly, so much in the interest of the poor people who have nothing to lose, but in the interest of the rich people. I had, therefore, hoped that the Honourable the Finance Member would have made a change in his policy in the matter of taxation. Unfortunately he has not done that.

[Mr. N. M. Joshi.]

Now, I shall deal with one subject which the Honourable the Finance Member has dealt with in his speech. The Honourable the Finance Member has shown that on the whole, on account of his policy, the country's trade has improved and is improving and that the condition of the mass of agriculturists also has improved to some extent. I shall try to examine these statements, Mr. President, in the few minutes which I have now before me. It is true that so far as our trade is concerned, our exports have gone up a bit and our imports are also reduced and, on the whole, the Honourable the Finance Member may take some credit for what he calls the favourable balance of trade. But what the country needs more than a favourable balance of trade is a larger volume of trade and the Honourable the Finance Member will admit that our trade has gone down to half of what it used to be. Then let us examine a few figures of exports and imports. Our exports have gone up, because our exports of cotton have improved. Here, again, this increase of exports is not due entirely to Government. Our exports had gone down, because Japan had boycotted us. It is true they gave an opportunity to Government to negotiate with Japan, but, on the whole, if this is a plan, it is a plan which is not voluntary, but one which was forced upon Government by another nation. Then, there is the increase in our exports of oilseeds. Here, again, one must observe that this increase may not be a permanent one. We have yet to see whether this increase is a permanent one and is not due to fortuitous circumstances. As regards imports, our imports have gone down, especially in cloth and in sugar. I do not wish to deal with these two subjects now, because I shall have another opportunity of dealing with them. But still I would like the Honourable the Finance Member to consider this question very seriously that, what the country needs more, is not a more favourable balance of trade, but an increase of trade all along.

Secondly, I would like the Honourable the Finance Member also to consider whether a trade consisting of our importing manufactured goods and exporting raw goods is the right kind of trade, and whether we should not follow a policy by which there will be an exchange of manufactured goods between ourselves and the other countries.

The Honourable the Finance Member has also made the statement in justification of his policy on page 42 that the condition of the agricultural masses is generally improving and he says that they have at least sufficient to eat. Now, I may not know much about the condition of the agricultural masses in this country, but it is a well-known fact that people in India take only one meal a day and we have yet to know an agriculturist who has got sufficient to eat. Then the Honourable the Finance Member states that the agriculturist in this country, besides having sufficient to eat, has cash in hand to pay taxes although the money required is smaller. Now, I do not know whether the taxes which the agricultural masses pay to this Government by way of indirect taxation have been reduced. I have not known that fact. It is quite possible the Provincial Governments may have given them some suspension of land revenue and even some remission, but that is a very small part of the taxation which the poor people pay in this country, and, although it is quite possible, they may have paid the taxes instead of losing their lands on account of other holdings of the small gold which they may have had, or by starving themselves, it is not right to say that their condition has improved.

Thirdly, the Honourable the Finance Member relied on certain figures of consumption of goods in justification of the statement he has made that the condition of the people is improving. He has given on page 42 of his speech certain figures of consumption—cloth consumption, kerosene consumption, consumption of salt, etc. Now, if we look into these figures, we shall find that in cloth alone there is a small increase of consumption of 11 per cent over the average, but that is in quantity. If you take the value, there is a decrease from 100 per cent to 69 per cent,—a decrease of 31 per cent. Then, in the matter of kerosene oil, there is a decrease even in the consumption by the poor people of kerosene: the decrease is of eight per cent in quantity and of 26 per cent in value. In salt, there is a decrease of four per cent in quantity and a decrease of 18 per cent in value.

Now, the Honourable the Finance Member says that the agricultural masses have money sufficient to eat, sufficient to pay the Government taxes and sufficient to purchase what he calls necessities at a reasonable standard. I shall not go into any further details, but I wish to say this that the figures which he has given do not show that the consumption has gone up. Secondly, what the Honourable the Finance Member should have realised was that if the condition of the people had remained the same—it may not have improved,—the consumption should have improved, because the prices have gone down. Thirdly, what the Honourable the Finance Member should have also realised was that the population of India has also increased and so it is not enough that the consumption in mere quantity should remain the same or should increase. He must show that the consumption has increased in proportion to the fall in prices and in proportion to the increase in population. I feel that, on the whole, the Honourable the Finance Member had not given us figures to show that the condition of the people had improved.

**Diwan Bahadur A. Ramaswami Mudaliar:** Mr. President, on a famous occasion, which you may perhaps be able to recall, the Finance Member of a Provincial Government, after listening to nearly 50 speeches which began with congratulations and ended with a severe criticism of his Budget proposals, consoled himself with the scriptural saying:

“Woe unto thee when all men speak well of thee.”

I am not perfectly certain whether that is not the feeling of the Honourable the Finance Member on the present occasion, for Member after Member, who got up to praise and congratulate the Honourable the Finance Member on what they called the balanced Budget, ended with a series of criticisms which must necessarily destroy the whole scheme of his Budget.

I propose in the very few minutes at my disposal to examine only a few features of the Budget and particularly those which generally receive the least amount of attention from Honourable Members in this House. I will refer particularly to his proposals regarding the redemption of the debt. He has reduced it to three crores in the present year, whereas, under the scheme which was accepted in 1924, the amount ought to have been seven crores and eight lakhs. You are aware, Mr. President, and in fact on that occasion, as is usual with you on financial questions, you took a very prominent part in the debate when Sir Basil Blackett put forward the scheme in 1924 that the debt redemption fund should be based on a sum of four crores for all debts that were incurred before the 1st April, 1924, and a proportion of 1½ per cent. of all loans that might be borrowed thereafter. There is no question of differentiation between productive and non-productive

[Diwan Bahadur A. Ramaswami Mudaliar.]

tive debts. The  $1\frac{1}{2}$  per cent. was based on the scheme that a 80-year period of redemption was necessary for all debts that were taken after the year 1924. There were many debts taken out after that year, practically all of which were productive debts. But that did not affect the argument of Sir Basil Blackett at that time. You and others protested against that scheme at the time. You said that the amount set apart for debt redemption was far too high, but Sir Basil Blackett's reply then was that it was a raid on the Sinking Fund that you wanted to carry out and he protested vehemently against that raid. I wish Sir Basil Blackett, by some Divine dispensation to which my Honourable friend, Sir Cowasji Jehangir, referred, was now in this House and on my side of the House and I wish that he would repeat the statements that he then made about the "raid on the Sinking Fund", the immorality of that raid and the fact that it would immediately decrease the position and the financial credit of this country. Now, my Honourable friend has suggested, and I am not quarrelling with his suggestion, that he is justified in reducing the debt to three crores. My quarrel with him and throughout his proposals in this Budget is this that, while he has taken very good care about the present Budget, he has unnecessarily entered caveats against similar proposals for the future, and, therefore, has jeopardised the position so far as the future is concerned. If a debt redemption of three crores is necessary and is sufficient today, if it was all that was required for the current year and if it is all that is required for the next year, then, why, I ask, has the Honourable the Finance Member put in a caveat that it does not mean a permanent provision, that it should not be understood to be a permanent arrangement and that no future Finance Member, no successor of his, can take this as a precedent? Why has he got this financial precedent for himself and why does he not allow the same precedent to be followed by others who may succeed him and may be inclined to accept it? Not only that, but if you were to examine the proposals of the Honourable the Finance Member, you will find that in various other manners also he has similarly failed to provide for the usual redemption funds. Take the Posts and Telegraphs Department. There is generally a sum of about 30 lakhs provided in the Depreciation Fund of that Department, but the Honourable the Finance Member has not provided that fund this year. He says he has not provided it and he does not propose to provide it. But he enters a caveat again and says that this must not be understood to be a permanent arrangement. He says "I have done it, but nobody else shall have the right to do it". It is against that attitude that I complain and it is against that attitude that I venture to enter a very humble protest. If the Honourable the Finance Member was satisfied, and, according to his own showing, he is satisfied that unless the railway revenues are prepared to give their usual contribution for amortization of their portion of the debt, the general revenues should not be called upon to put into the debt redemption fund any amount of money. Then, I ask, why has he not turned it into a permanent arrangement? If he says, for the unproductive debt, we have now to provide on the same basis as Sir Basil Blackett did, namely, on a 80-year basis, I am agreeable to provide  $2\frac{1}{2}$  crores at  $1\frac{1}{2}$  per cent. Then, so far as the railway debt is concerned, provide for it only to the extent that the railways are able to provide or contribute to the general revenues. I can understand that as a legitimate position to take up. I can understand that as a fair position to take, fair to himself and fair to his successors and fair to the future Federal Government of which he now speaks with bated

breath because of the threats of the House of Commons to which I shall refer very soon.

Now, Sir, take again the question of the excise duties. I have a feeling that in this Budget the Honourable the Finance Member has queered the whole pitch of the future Federal Government. I have a feeling that, while we at one time thought that the Federation was in the offing very soon and the Reserve Bank Bill was passed on the basis that it would come into existence very soon, this Budget has put off the date of the Federation more than anything else has done. I was a member of the Federal Finance Committee and I know the discussions that took place between the British Indian delegates and the States representatives, and, if there is one impression clearly, unmistakably and indelibly fixed on my mind, it is the impression that the States representatives refused to enter into a Federation unless they were perfectly satisfied that they would be entering a Federation whose Budget was already well balanced. The Honourable the Finance Member, by raiding—I use that word again—not merely the Sinking Fund or the Debt Redemption Fund but by raiding and mortgaging the future reserves which were allotted to the Federation to which my Honourable friend, Mr. B. Das, has referred, and by levying excise duties which were specifically set apart for the Federation when it started functioning, has made it very difficult for me to foresee when that Federation will come into existence at all. He has levied an excise duty on matches; he has levied an excise duty on tobacco; he has levied an excise duty on sugar. In connection with these duties, I can understand the Honourable the Finance Member's position theoretically, so far as the proposals of the Federal Finance Committee or of the Federation are concerned. We came to the conclusion that at any time, owing to a protective duty, the Finance Member for the time being would be justified in levying, what I might call, a countervailing excise duty, and the loss to the revenues which was suffered on account of high protection can and must be made good by a countervailing excise duty. I have no quarrel at all with that principle. But I do have a quarrel with this fact that even that duty was looked upon as a future Federal duty, in fact all excise duties were looked upon as the future Federal duties and the Honourable the Finance Member has cornered that duty also. What is left for the Federation to develop in the future I am unable to understand. What are the new taxes? We spent days and months and approached different phases of the question through all possible committees and with all the help of the India Office, and the Federal Finance Committee have devised ways and means for the future Federation and have given new sources of revenue and the only sources of revenue that were thought of were some of these excise duties which the Honourable the Finance Member has levied now. In spite of levying these duties, he has been unable to balance his budget, for I do call this Budget, not a balanced Budget, but a deficit Budget.

Now, I come to the question of Bengal. Let me say at once that not only do I not grudge the relief that has been given to Bengal, but I welcome that relief to Bengal. If my Honourable friend, Mr. Ghuznavi, thinks or if the extremism of his advocacy for Bengal should make him suspect all the criticisms advanced against this proposal, then, all I can say is that he is doing an injustice to himself and less than justice to his Province. The point of view of some of us was that if this remission should be given to Bengal at any time, it should come as part of the full Federal Financial scheme, so that the sort of wrangles that we have heard in this House during the last two days, the conflicts between one Province and another

[Diwan Bahadur A. Ramaswami Mudaliar.]

and the claims put forward by Bombay on the one hand and by Orissa on the other and by the Punjab on the third, all these might disappear when Honourable Members and the country realise that this is part of a scheme of Federal Finance, which, as my Honourable friend, Mr. Joshi, has rightly pointed out, has not been evolved by the Government of India, but which has been evolved by some arbitral power, by a third party and by an outside authority. That was the burden of our complaint, not that Bengal has got an advantage which she does not deserve.

Let me refer to only one other point which is perhaps outside the scheme of the Budget, but I feel I must refer to it as some portions of the speech of the Honourable the Finance Member have given me an opportunity of referring to it. The Honourable the Finance Member in paragraph 35 of his Budget speech says:

"In the second place, the proposal to hand over at least half the jute export duty to Bengal and to other jute producing Provinces is included in the White Paper plan and this affords us some basis for our present proposal."

Here I must stop and say that the Honourable the Finance Member has also suggested that he must satisfy himself and the Government of India must satisfy themselves "that the Bengal Government and the Bengal Legislature are doing all that is possible to help themselves". I ask the Honourable the Finance Member to tell this House, to take this House into his confidence and tell us how he has satisfied himself that the Bengal Council and the Bengal Government are doing all that they can possibly do and see that their resources are fully exploited. This is a condition very easily suggested, but I venture very humbly, to suggest that not even with all his industry and not even with all his desire to go into these questions, will the Honourable the Finance Member be able to check the expenditure of the Government of Bengal or to examine all the reasons why the Government of Bengal, and, particularly, the Bengal Legislature, has not exploited all its resources.

Now, I come to the point that I wish specifically to refer to, though it is partly outside the Budget. The Honourable the Finance Member says:

"I must again make it quite clear that the whole of these proposals must be regarded as purely of a provisional nature to deal with the immediate situation and as in no way creating a permanent arrangement which could be regarded as anticipating the final decision of Parliament in this matter."

This is not the first occasion that the Honourable the Finance Member has guarded himself by saying that he should not be understood as anticipating the final decision of Parliament. I would not have taken serious notice of it, I would not have referred to it, but for the fact that there are some Members of the House of Commons who are constantly making attacks against their own Consuls in this country, against the Governors and Viceroys for whispering a word here or a word there about the future coming Constitution. I have seen references in the House of Commons by Members who ought to know better if I may say so by the die-hard group attacking Governors and Viceroys, because they venture to say that in the future Federal Government, India may have this or that right or that the Indian people will have this responsibility or that responsibility. I do not know what we have come to in this country, when no Governor and no Viceroy can make a speech without being taken to task by some body or other in the House of Commons, and especially when a Governor or a Viceroy or some responsible Finance Member of the Government of

India makes this statement on the authority of the declared intentions and purpose of His Majesty's Government themselves and is not making those statements of his own accord, I wish to enter a very emphatic protest against this attitude on the part of some of the Members of the House of Commons. There is one thing in this country which is much more important than even financial equilibrium and those who know the administration of the country realise that respect for constituted authority is one of the gravest problems in all countries in this world today (Hear, hear), and now that so many countries are involved in unrest and that the constitutions of the various countries are in the melting pot, those who are at the helm of affairs must see that they do not utter anything which will in any way throw obstacles in the way of that respect for constituted authority being kept up. This is the time when young men, coming out of schools and colleges and unable to get a living and unable to make both ends meet, are trying to preach against all constituted authority as being an evil in itself. This is the time in this country when young ladies in their gilded salons talk of socialism and communism. Is this the time when the die-hard section of the British Parliament should do everything in their power, day in and day out, by questions and by motions to put all obstacles that they can place—even though their anxiety to whittle down the White Paper or even to deny a constitution for India may be taken for granted,—is this the time that they should ridicule their Consuls and pro-Consuls who are sent out by the British Government to this country,—is this the time to make their position intolerable and to lower them in the esteem in which they are held by the people of this country? For, let me say quite clearly that if these attempts go on unchecked, if these sorts of attacks are indulged in more and more, it is not I, it is not the agitator, it is not the man who practises civil disobedience who will bring your Government into contempt, it is not the newspaper man that will bring your Government into contempt, but it is the respectable and responsible Members of the British Parliament, men in high position in the conservative ranks of Great Britain, it is they that will bring the Government of India into contempt; it is they, more than anybody else, who should be proceeded against under the various sections of the Acts that have been passed by this Legislature. (Applause.) I deem it my duty to say this, because during the last few days particularly I have been seeing attacks against these great administrators who have been sent to this country. My voice may not carry far, but I hope, in some way or other, the Government of India will make the views of this House felt on this matter and they will communicate to His Majesty's Government that those who are attacking the Governors and Viceroy's in this country in this manner are doing no good to this country, certainly no good to themselves, and the sooner they stop these attacks, the better. Let it be remembered that those gentlemen who are attacked follow a dual policy with the permission and the authority of the Government in England. If the Officers here are to follow a dual policy, it means, on the one hand they should put down all revolutionary movements, and, on the other, they should encourage all ideas of reform. Now that one policy has succeeded, the country thinks that the people are taking advantage of it and those people, who are now giving room for that suspicion, are the people who will justify the name "Perfidious Albion" which has resounded in history, decade after decade and in country after country. (Interruption.) It is difficult to follow the intricacies of the mind of my Honourable friend, electrical as it is on so many occasions.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member's time is up.

**Diwan Bahadur A. Ramaswami Mudaliar:** Well, Sir, I will conclude by saying that while I do not have serious objections to some of the proposals of the Honourable the Finance Member, I must say that this Budget is not a balanced Budget, and that I feel grave apprehensions as to its repercussions on the future Budgets, particularly when and if the Federation ever comes into existence.

**Mr. A. H. Ghuznavi:** Sir, let me pay my humble tribute to my Honourable friend, Sir George Schuster, for his achievements which are by no means inconsiderable. His term of office has been a period of stress and strain, and he has shown conspicuous ability in grappling with the complex financial problems and steering India's finances safely through rocks and shoals. I am sure, Sir, his name will go down in history.

Sir, we the Members from Bengal are grateful to him, for he is the first Finance Member of the Government of India to recognise Bengal's legitimate claim to the jute duty. It is very gratifying that Bengal has at last received some tangible recognition of her just dues. Sir, all this morning we have been hearing many fighting speeches.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

The successor of the Baronet of Bombay made a very great noise this morning about Bengal getting back her jute duty from the excise duty which the Honourable the Finance Member is imposing on matches. He has forgotten that Bengal has never come here with a beggar's bowl, nor does she want any grant or any subvention. Bengal claims that her jute duty is hers and that the Government of India have been usurping her revenue and her money. Sir, what is the history of this jute tax? In 1916, this was imposed purely as a war measure. The Bengal Government protested, but they were told that this duty would be withdrawn after the war was over. But it gave such a huge sum to the Central Government that up to now not a single Finance Member wanted to give up what was due to Bengal. What is the position? Ever since that duty was imposed in 1916, no less than 60 crores of rupees have come to the Government of India. The whole of that amount was due to Bengal and not to the Government of India to feed these inefficient orphans of Bombay. (Laughter.) Sir, my Honourable friend, Sir Cowasji Jehangir, said sarcastically this morning that this was a Bengal Budget. It was a cheap sarcasm. But the trouble of the Government of India commenced with the removal of the Capital from Bengal to this Imperial City. When Lord Hardinge was leaving the Calcutta Government House for the last time, the great building was struck with lightning. Bad omen started, and what was the result after that? We were having here in this Imperial City, year in and year out, ominous Bombay Budgets. Even this year it is a Bombay Budget. Look at the tariff that they have raised,—50 per cent. to subsidise the inefficient orphans of Bombay at the cost of the consumers who want a loin cloth. The whole of India must pay more to Bombay, because they are the spoil children of the Government of India.

My Honourable friend, Mr. Mudaliar, just now remarked: "Why do you want to give this now to Bengal? Let there be a Federal Government and an adjustment will then be made according to the Federal Committee's report. Then Bengal may make that claim. Why are you giving it to Bengal now? By doing that, by imposing an excise duty on matches, I see something very terrible and that is that the Federation is at a distance and not nearer." It is not the Federal Government, it is the Government of India who have realised now the justice of Bengal's claim. They were convinced, by the way we pressed the British Government, of our legitimate claim, and it is this that induced them to give this duty back to us, at least a portion, if not the whole which they could not afford to give. Sir, it is not an adjustment of the Meston Award; it is not that they are giving us relief so far as the Meston Committee's award goes. It is purely a war measure which they introduced, and they kept on taking away the money from us. Up to now they never thought of giving us this money in spite of our asking them year in and year out. It is the first time they have realised that we have established our claim and have given it back to us.

My Honourable friend, Sir Cowasji Jehangir, said: "You don't know anything at all. Didn't we make our claim? We also made our claim in London. Why do you show your ignorance here?" But he himself was showing his colossal ignorance, and it is this. What was mentioned there? It was the allocation of income-tax to Bombay and Bengal. What I said was that, so far as the jute tax of Bengal was concerned, from the very beginning of the First Round Table Conference the Bengal delegates protested by putting in memorandum after memorandum and arguing day in and day out till in the Third Round Table Conference they found that the Government had accepted the position; and this is the unanimous report of the Federal Committee on that subject and of which my Honourable friend was also a member:

"In the case of Bengal we recognise that the difficulties arising from the present distribution of resources are exceptional, and we suggest that they might perhaps be met by according to the Province some share in the revenue from jute. . . . The delegates from Bengal, however, view this suggestion with strong disfavour."

That is, they wanted to impose an excise duty and withdraw the export duty on hessian and unfinished goods, which we opposed. We said we wanted the whole of the export duty:

"They consider that the deficit position of Bengal should properly be remedied out of the export duty on jute which is practically a monopoly of the Province.

In their view, the whole proceeds of that duty should be allotted to the Province, though, for the period of a number of years defined above, half the proceeds might be given to the Federal Government."

There is the Government proposal in the White Paper on page 78 (clause 187):

"The Federal Legislature will be empowered to assign to provinces and States in accordance with such scheme of distribution as it may determine the whole or any part of the net revenues derived from any one or more of the sources specified in the schedule (i.e., salt, federal excise and export duties.) In the case, however, of export duties on jute or jute products, the assignment to the producing units will be compulsory and will amount to at least 50 per cent of the net revenue from the duty."

[Mr. A. H. Ghuznavi.]

The Joint Memorandum, which we submitted in November, 1933, and which has been accepted by the signatories to it, says:

"The White Paper proposal is that Bengal should receive half the proceeds of the export duty on jute."—"I did not here elaborate the arguments which I had urged on previous occasions that in view of the economic situation in Bengal the entire proceeds of the tax should be assigned to the province on grounds of equity . . . ."

**An Honourable Member:** Who said this?

**Mr. A. H. Ghuznavi:** I said so, but it was accepted by the signatories and it was embodied in the Joint Memorandum. I said:

"While I have no objection to the retention by the Federal Government of a portion of the proceeds for a limited period, the allocation of revenue under this new constitution should definitely recognise this as a provincial tax. We want this to be recognised as a provincial tax not a federal tax, to be ultimately assigned completely to the province concerned."

I will not take up more time, because I have not much time left. But I will say this, that we are not satisfied with half. The whole amount of the jute duty belongs to us. The Government of India have got no money. Therefore, they want to put an excise duty on matches, and on this and that. We have no concern with that. We want our money and they cannot balance their Budget unless they put an excise duty on matches. This excise duty on matches has been recommended by Sir Walter Layton as I can show from that book. Therefore, it is not that we came here with a beggar's bowl, and the Punjab and Bombay very kindly said "All right; we will give you alms; you take half this duty". It is our money; and as a matter of right; we demand that the money should be returned to us. You have been robbing us all these years.

I said just now that my Honourable friend, the Finance Member's name will go down in history, and I will give my reasons for saying so. He is the first Finance Member who has reduced interest on our public debts—a great achievement. If I may say so, he is the first Finance Member who has reduced the military expenditure, for which this Assembly and all India will be very grateful to him; the reduction is not very small; it is to the tune of 11 crores of rupees. Then, he is the first Finance Member who has introduced the policy of raising a high tariff wall against the importation of sugar, which has established the Indian sugar industry on a firm footing; and it is hoped India will be in a position to supply her requirements of white sugar in full by 1935.

But there is one regret in our minds; and that is that, in spite of our endeavours, we have not been able to make him put an embargo on gold. It is during his term of office that India has been denuded of her gold and no amount of our appeal touched his heart so as to put a stop to this denudation; of course he may have his own views in that matter which do not fall in with our views.

With very great interest we have read his economic plans, and from those few pages of his speech where he deals with economic proposals—pages 36 to 46—we find that so far the Government had no settled policy of constructive economic planning. Their object has principally been to balance the Budget, subordinating at times the economic interests of India to those of England. The War caught the Government of

**India napping.** The advent of economic depression found the Government of India unprepared to meet it with a definite and comprehensive economic policy. It is, however, never too late to profit by experience. It is gratifying to find that under the lead of the Finance Member changes in Government organisation have already been introduced with a view to facilitating this. In addition, Government are calling a Conference and are also having an expert to study the export market. The policy to be followed should be the development of a larger market for the benefit of the Indian agriculture and industries in the first instance, and, then, to the extent that India will be unable to feed that market, the benefit is to go by arrangement of a quota system in favour of England and other parts of the British Commonwealth. But, Sir, as regards raising the standard of living in India, we are not prepared to accept the British Trade Union policy. . . .

**Mr. N. M. Joshi:** What are you prepared to accept?

**Mr. A. H. Ghuznavi:** . . . whose exorbitant claims on behalf of the British labour have raised the cost of production in England to such an extent as to make British products unsaleable in the world market. I sincerely hope, Sir, that the Honourable the Finance Member will be able, before his retirement, to do something substantial for the people of India who are on the verge of starvation in a country for which nature has done so much and man so little. I sincerely wish my Honourable friend good health and a contented life. All the rest will follow for an intelligent and active man.

**Mr. Jagan Nath Aggarwal** (Jullundur Division: Non-Muhammadian): Sir, we have been listening these two days to various speeches on inter-provincial matters, and some of our friends called this Budget as a Bengal Budget, others described it as a Bombay Budget, and rivalry between Bombay and Bengal has been so fierce as to who could shout the loudest. I am, Sir, in no mood to take part in this internecine and somewhat acrimonious controversy. All that I wish to say is that this Budget is neither a Bengal Budget nor a Bombay Budget; but it is a distress Budget, the like of which we had not seen for several years. If you were to look somewhat closely into this Budget, you will find that the Honourable the Finance Member has the disheartening spectacle of finding that those taxes, which he prophesied would bring in revenue, are all on the point of showing a deficit. This was made clear when he referred to the yield of the customs revenue which was down by over four crores, to the yield from income-tax which was still down, to the yield from other sources of revenue which were showing losses, and the problem before him was how to balance this Budget. Sir, balancing a Budget has somehow become a juggler's trick. It may sometimes conceal the real difficulties. The Budget has in a way been balanced, if I may say so, by accidents, windfalls and by plans.

Now, Sir, one might as well examine some of these windfalls and accidents and then come to the plans. It is very lucky indeed that in a time of exceptional difficulty, through which we are supposed to have passed, these windfalls have come. One of these windfalls was the award of the Capitation Tribunal. They gave us a very welcome sum of one crore and seventy-eight lakhs, but, as has been pointed out, this is not the last word on the subject. Our demand was more, we expected a good deal more, but the award that has been given to us has not come up to our expectations. But the subject of this award takes one to the subject of the Army,

[Mr. Jagan Nath Aggarwal.]

and there one finds that although the figures have come down to 44 crores in a time of exceptional difficulty like this, one cannot help feeling that there are forces which even the Finance Member cannot control, which almost tie him down to fixed programmes, with the result that he cannot embark on a bold policy of reduction or retrenchment.

This morning I was pained, as my friend, Diwan Bahadur Mudaliar, was pained, to read a remark in an English paper, a Conservative Member writing to the *Morning Post* that, whereas England is making a present of a crore and 78 lakhs under the award of the Capitation Tribunal, the Government of India, most ungrateful of all Governments, were retrenching 500 military officers. Sir, a member of the English public who would read this remark would think that this Government are very ungrateful and this Government are most undeserving of any award. But, Sir, the response came from a very unexpected quarter, from the *Statesman* itself. The two things have nothing in common, one has nothing to do with the other, because the point is, as has been pointed out already, these 500 men had to go, because ordinarily they would have gone at the end of the War, but the India Office gave them these longer Commissions. Well, the time must come when they must go, and so when their time came, they were sent away as a measure of retrenchment, it was a measure recommended by the Commander-in-Chief. Whatever it may be, I merely wanted to point out that, as my learned friend, the Leader of the Independent Party, said, there are times when things cannot be done by the Finance Member, much as he would like to do them, but he is held responsible and sometimes castigated in quarters least expected, not for what he has not done, but for what he has done.

Now, Sir, this "accident of the award of the Capitation Tribunal is not a matter which will give satisfaction to all parts of the House or to the country, but, having gone to an arbitration award, we have taken it. But what I want to know in that connection is, what is the attitude of our Government, what claim did they put forward? Did they act as a national Government in putting forward the claim of India before an arbiter? On that point light has not been thrown. Anyway, Sir, coming to the subject of the Army, one might almost say that there has been neither retrenchment commensurate with the necessities of the situation, nor has there been any drastic policy pursued, but still that is the kind of language used by people. That is one of the accidents of that windfall.

I will now refer to the other accident which was mentioned by my friend, Mr. Joshi, I mean the repayment of the loan of the Persian Government or, I might say, that biggest of all accidents, the export of gold. Now, Sir, this Budget has been discussed from various points of view from all parts of the House, but much attention has not been focussed on the question of the export of gold. The Honourable Member opposite is happy that India is sending out gold much to the relief of England, and England is giving out silver from some concealed reserves to the relief of European countries and particularly to the relief of England. The point which some of us would like to put forward in this connection is, if gold is leaving this country, then the leaving of gold is supposed to be a financial proposition. Why are all the other countries sticking to gold? One is reminded here of the French farmer who said "I have got one Louis and my wife has got leather, and between us we are not going to leave both the things".

What is the advantage in other countries sticking to gold? Time has shown that this economic fallacy has come to stay. If all countries are sticking to gold, why is the Finance Member of the Government of India not prepared to look into the question? I ask, Sir, is it not time that the Honourable Member put a tax on the export of gold? If this gold export is good for this country, then it should be good for everybody. America is sitting tight on gold, France would not look at the question of export of gold, other countries don't want to part with their gold. If that is the case in all countries, why one almost ask in despair, why is it that our Finance Member is anxious to export all our gold, why is it that he is not prepared to put an export tax on gold? That would have balanced the Budget, that drastic step would have immediately balanced the Budget. Why has he not done so, one might almost ask in despair? The answer is, that outside interest does not allow him to take that step. If he had put an export duty on gold, then there would have been absolutely no necessity to put a tax on articles generally consumed by the poor like sugar and matches. Now, Sir, the Finance Member is not a stranger to this taxation on gold and silver. The import of silver into this country was taxed at a time when we were told that the Government of India had enough silver. We want a protective barrier; I am not much alarmed by that small tax on silver. If the tax is lowered, more silver might come in, but what is the use of any silver coming in when you are selling away your gold? There is no money to buy the silver.

Apart from these matters, one is driven to the question, what is the financial situation of the people of this country which the Finance Member had in view before he started these taxation proposals. If one were to look at it from the point of view of agriculture, the staple industry of this country, by which most of us live, one finds that the index of prices has gone down steadily, so that we find, except in the case of tea, the price index is practically half of what it was in 1914. With your indulgence, let me refer for a minute to it to illustrate the condition of misery of the people of this country.

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

At page 6 of this review of certain main items of foreign trade during the calendar year 1923, you will notice, rice with an index figure of 100 in July, 1914, in September, 1929, had 124. It naturally goes down till we find it is 74 in December, 1933, which is practically half of what it was in 1929. With regard to wheat, the decline is still greater,—185 in September, 1929, and 78 in December, 1933. As regards the rest, take jute raw, it was 90 in September, 1929 and 38 in December, 1933. Cotton raw, 146 in September, 1929, and 68 in December, 1933. Hides and skins, 109 and 62; similarly with regard to other items. The only exception is tea, it was 129 in September, 1929, and 130 in December, 1933. If the index of prices has gone down so low and the commodity prices have fallen so low, one would like to know how it is that a country that lives mostly on agriculture and the income of whose people has gone down so low,—how are you going to raise revenue to balance your Budget. Where is the advantage in balancing your Budget when misery and depression are practically ruining the life of the people? From that point of view, you might almost see, looking at one of these articles of trade—not that I wish to refer to this article of trade to stress the claim of my Province, but I look at it as one

[Mr. Jagari Nath Aggarwal.]

of the principal articles of export—wheat—at page 34 of this memorandum we find:

“The exports of wheat from British India during 1933 showed a further reduction and amounted to 2,000 tons only, as compared with 2,800 tons in 1932 and 194,000 tons in 1930. Imports of foreign wheat during the year amounted to 52,000 tons.”

I put it as a practical proposition for consideration that export of wheat to the tune of 2,000 tons practically means a cessation of export of this commodity. The House can imagine that the situation of the agriculturist, whose staple industry is agriculture and who grows wheat and labours for half the agricultural year, should be so pitiable that it is fit and proper that you should either find a market for his product or raise the price level of the agricultural produce. So far as that subject is concerned, we find no consolation. In the tables that have been supplied to us, we find from the calculation that is made of the income, something like Rs. 30 lakhs is the value of the produce that has gone down in the Province of the Punjab. I wish to put it that, so far as the value of those crops and other things that we grow is concerned, there has been a huge fall. We have not discovered, except in very small cases under the Ottawa or other Agreement or other fortuitous circumstances, like linseed, tea, etc., any very great recovery, so to say, for the sale of our agricultural products, nor have we discovered any new market. If that is so, the great bulk of our people are still suffering from chronic poverty.

So far as the planned campaign of recovery is concerned, we find that two or three industries have been chosen for taxation by way of excise duty. A system of countervailing excise duties is obnoxious to my Honourable friend, Mr. B. Das, as he fears that this is anticipating Federation. It is obnoxious to my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, as it is postponement of Federation. But my objection to such a system is when agriculture is a bad way, in a time of depression here are two industries, so to say, which are looking up, and they will be hit hard, and we cannot be looking on this imposition with a philosophical air. The position with regard to the sugar industry is this. In 1932, you granted them protection of a fairly assured type up to the year 1938, and, in a way, up to 1942. You raised a huge tariff wall, and the response from this country was instantaneous; it was a remarkable response. No other industry has grown up in such a short time, a matter on which the Finance Member and his colleagues may well congratulate themselves, that by a stroke of the pen they were able to bring an industry into being at a time of supreme depression. It is fortunate that the importation of machinery gave us a very welcome return into the coffers of the State, although a tax on machinery was so obnoxious to this House, and all the money that was spent on the importation of sugar was distributed in this country. I do not agree with those people who say that the agriculturist has not been benefited by it. This sugar industry is not in any way antagonistic to the industry of agriculture. I feel that the two are bound up together. A number of factories are closing down, because they cannot get enough sugar cane, but if you are running against an economic loss, you would fail in your endeavour. When the demand for sugar cane is so great, the agriculturist is getting good value for his crop at a time when he needs money very sorely. If you are going to take away Rs. 1.47 lakhs from these sugar factories, I understand there are not more than 50 factories . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member must now conclude.

**Mr. Jagan Nath Aggarwal:** If the incidence of tax is raised from one lakh to two lakhs for each factory, not merely would it eat up the profits, but it would eat up the capital also.

Now, Sir, with regard to the match making industry, it is very well known that a foreign capitalist has come here and captured this industry which has grown up in this country owing to some tariff that we have been able to impose. When this match industry is growing up within the tariff wall of our country, the imposition of a tax of the magnitude that we have imposed appears to be almost staggering. Matches used to sell for half a pice; two for a pice used to be the rate. With the tax, the price of each will be not less than two pice. That is staggering. That is the way in which the proposals in the Budget eat into some of our nascent industries. Of course one must realise that the times are exceptional and one cannot withhold one's meed of praise from the Honourable the Finance Member who has had to frame his proposals in a period of exceptional difficulty, and one cannot part from the subject without regret that Sir George Schuster, who was here at this time of exceptional difficulty and put on these various taxes, did not remain long enough to see how these taxes worked. We can only wish him a happy time and hope that he will be able to look back with some satisfaction that we have turned the corner in our financial affairs.

**The Honourable Sir George Schuster:** Sir, at the outset I would like to express my gratitude to all those Members who have made very kind and very appreciative personal remarks about myself. Sir, I hope there will be other occasions where we will be able to dwell more on these purely personal aspects, and, therefore, I say no more upon that now, but I should not like to allow that matter to pass without some mention, because I do wish Honourable Members to realise how very gratefully I appreciate what they have said.

Now, Sir, this Budget has been described as a Bengal Budget. I would prefer myself to describe it as a realistic Budget, and, I think, as a result of its realistic features we have had on the whole a very realistic discussion, perhaps more than usually realistic. And, if, as part of that realism, there has been some difference of opinion between Honourable Members from different parts of India, I do hope that there is no Honourable Member who thinks that we have deliberately put forward proposals of that kind in the hope of arousing internal dissension among the Indian Members of this House. We had to face realities, and there is no way of facing those realities except by putting forward proposals something on the lines that I have done. Now, Sir, much has been touched upon in these debates, and, as usual, I shall be unable to deal with all the points. I must, therefore, select some of the more important issues for very brief discussion. In the first place, I should like to express my appreciation to those Honourable Members who, either in their speeches today or in communications to the Press, have answered some of the very unfair criticisms of our proposals for help to the stricken areas of Bihar. I am sure that those Honourable Members will appreciate that, when we have done our utmost to deal urgently with an urgent crisis, and generously with difficulties which require generous treatment, but at the same time to take account of the fact that we are dealing not with our own money, but with

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public money, that, when we have taken all those steps, then to have our proposals criticised by those who can command public attention in the Press as "pitiful", I do think that Honourable Members will appreciate that that sort of attitude is not the way to encourage generous action either on the part of the Government or on the part of any section of the public of India.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non Muham-  
madan): We are grateful to the Government of India.

**The Honourable Sir George Schuster:** I am particularly glad that some of the Honourable Members, who are most interested in these proposals, have gone out of their way to give the public a better understanding of them and to express their own appreciation. Therefore, I need say no more on that subject again.

Then, Sir, if I go back to the beginning of this debate, the first speech came from my Honourable friend, Mr. Ranga Iyer, who, I am very glad to see, has been able at this last moment to return and to listen to this debate. Sir, my Honourable friend was, if I may say so, in extremely good form. In spite of the fact that he was speaking against his doctor's orders, that well known resonant voice, those stinging terms and that rolling eye made me for the first few moments quail and almost shrink for protection along the bench behind the ample form of my Honourable colleague, the Member for Industries and Labour. (Laughter.)

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): May I remind my Honourable colleague of an American saying "There is a destiny that ends our shapes"? (Laughter.)

**The Honourable Sir George Schuster:** But, Sir, as my Honourable friend proceeded with his argument, I felt that perhaps my fears were unfounded. I found him gradually getting himself into a position which seemed to me to be extraordinarily easy to attack. My Honourable friend said that we were taxing production, that we were taxing food and that we were treating the cultivators unfairly. Now, Sir, our whole case for the sugar excise is based on our belief that, even after the imposition of this excise, it will be possible for the manufacturers of white sugar to pay a fair price for their cane, to make a fair profit for themselves, and to sell their sugar at a fair price to the consumer. We take our stand on that belief and it is on those propositions that the case must be argued. But my Honourable friend went further and said that I in my Budget speech had expressed fears of the over-production of sugar and the fear that the rush in the establishment of factories might go so far that it might re-act on this country and particularly on the interests of the cultivators. My Honourable friend said "Why should there be that fear of over production? The whole of the British Empire is open to us for the sale of our sugar". Sir, the whole of the British Empire is certainly open to India for the sale of her sugar, but if India wishes to come into that market, she will have to sell at competitive world prices, and at present she can only produce sugar in competition with Java under the protection of an import duty which, even after our proposals have been introduced, will be considerably over 200 per cent *ad valorem*. Therefore, Indian sugar costs to produce something like three times as much as Java

sugar, and, until the cost of production can be reduced, India can hardly hope to find an export market. My Honourable friend said: "Well, if that is the position, why do you make it worse by increasing the cost of production by imposing an excise duty?" But I would remind my Honourable friend that in this case, as in all those where we have had an excise duty, we shall be including provisions which will of course allow for a rebate of the full excise duty on everything which is exported. That, Sir, is the position, and, I think, that is all I need say on that matter at the moment.

Then, the next important point about which a great deal has been said is the question of our proposal for Bengal,—and that has been approached from two points of view,—the point of view of those who think that we should not propose any special assistance to a particular Province, and, again, the point of view of those who see in our proposals some anticipation of a scheme of Federal finance and, in the words of my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, the "queering of the pitch for the future Federal Government". Now, there are certain misconceptions which I must clear up. I noticed in the papers this morning that a Minister of the Bombay Government, I think it was, had rather wittily said: "God helps those who help themselves, but the Government of India helps those who don't." (Laughter.) Well, Sir, if that were the condition of this world, we should all get along very well, because there will be somebody to help everybody. (Laughter.) Then, my Honourable friend, Mr. Mody, in his very delightful speech, issued a warning to all Provinces. He said: "From now onwards, let all Provinces take a warning and let them not follow the sound example of the Presidency of Bombay. That Presidency has learnt by bitter experience that a Government which puts its own house in order will get no help from the Government of India". Now, Sir, both those statements, humorous as they are, are based on complete misconceptions. If we thought that our proposal was to be interpreted as one which implied our coming to the assistance of a Government which had not taken all possible steps to help itself, then I freely admit that it would be an exceedingly dangerous proposal. But the position is this, and I want the House to be very clear about this, because this is the issue which is before the House. We, as the Government of India, having given a very careful consideration to the position, had come to the conclusion that the position of the Government of Bengal was such that it could not be expected, by its own efforts, to be able to restore financial equilibrium. That is the whole basis of our proposal; and we feel that, in their position, the Government of Bengal is in a special position, and that there is no Province in India today which is in a comparable position. (Hear, hear.) Now, that being our conclusion, the position was this. The Government of Bengal was incurring deficits at the rate of almost two crores a year. They were piling up a debt which, as I said in my Budget speech, would soon have reached unmanageable figures. Our position as the banker of that Government must have been this. We ought to have said to them, either: "We cannot go on advancing you money to meet your deficits, you must put your house in order", or "We must recognize the fact that you yourself are unable to put your house in order, and, therefore, we must try and devise some means to help you". We felt that in any case the position, as it was, could not be allowed to continue; and as we had been convinced that they were unable to restore their own position in present conditions, we felt that the time had come when we must put forward some proposal

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which would enable us to bring it within the bounds of possibility that they could help themselves to fill up the remainder of the gap. And that is the scheme which we have proposed. It is not, therefore, a question of our having said: "Here is a chance of getting a little extra revenue this year. We will chuck out a matter of 1,80 lakhs to various Provinces. Next year if we can get a little more, we will toss again and chuck out another 50 lakhs or 60 lakhs to somebody else." That is not the position. We feel that this is all that Government in present conditions can do, and no Province should entertain the hope that there are other schemes up our sleeves which will enable us to answer to an appeal *ad misericordiam* and come forward with further help in the future. Then, my Honourable friend, Mr. Ramaswami Mudaliar, speaking with great emphasis, accused me in these proposals of having "queered the pitch" for a future Federal Government. Now, I find it entirely impossible to follow my Honourable friend's mind in this matter. If there is anything which is going to queer the pitch of the future Federal Government, it is going to be financial difficulties, and nothing that I do this year is going to affect the future development of India in the sense that it might increase the difficulties of the Federal Government. If we in the present Government of India and under the present Constitution raise a particular tax this year which has been looked forward to as one of the sources of revenue for a future Federal Government, that does not mean that that tax is taken away from the power of the Federal Government of the future. On the contrary, the fact that we, by our advance action, will have prepared the way and got through the initial period of difficulty involved in trying out these taxes,—that we shall have introduced this particular form of taxation as a well-understood piece of machinery in the public finance of the country by the time that the Federal Government comes into existence, is surely a great advantage to the Federal Government. It is quite true that, by introducing this proposal now, I shall have robbed the Federal Finance Minister of the future of the kudos of being the first to introduce a match excise duty or a sugar excise duty. But, I do not think that my successor in that position in the future will be likely to look back with great disfavour on me for having relieved him of a very unpopular duty. Surely, it is much better for us to strengthen the position now: and if the position is this, that if we do not take this action now, the Government of Bengal must go on piling up deficits at the rate of something like two crores a year, and that two or three years hence, when the Federal Government is started, there will be that great accumulated deficit to deal with, surely that is the sort of thing which is going to queer the pitch of the Federal Government, and on the other hand, the sooner we get these measures going, and get the revenue going, in order to avoid those deficits growing, the better, and that surely must be better for the Federal Government of the future. Therefore, I find it quite impossible to follow my Honourable friend's mind in this matter.

Now, Sir, we have had these comparisons between one Province and another, and a great deal has been said on behalf of Bombay. I would like—and I am very glad of the opportunity—I would like to take this opportunity of expressing my own very great admiration for the way in which the Government of Bombay have in recent years tackled their financial difficulties and particularly for the way in which the late Governor, Sir Frederick Sykes, has tackled that problem. Bombay has

set an example to other Provinces. They had extreme difficulties; their critics may say that their standard of expenditure was too high and that their difficulties were largely of their own creation; nevertheless the difficulties were there, they have resolutely faced those difficulties and they have been able to produce a balanced Budget this year. That, Sir, does credit to all concerned. Again, I should like to say that if our proposals were likely to have the result of weakening the efforts of other Provincial Governments in that direction, then that would be very unfortunate indeed. Now, Sir, arising out of that question of the position of the Government of Bombay, there has been a point raised, particularly by my Honourable friend, Mr. Mody, of the danger which exists now to the financial and economic position of Bombay owing to the competition from the ports of the Kathiawar States. That, we recognise, is a very serious matter, and my Honourable friend has made some very serious charges. He made them very deliberately and I have little doubt that he is quite satisfied in his own mind as to his power to substantiate them. (Mr. H. P. Mody: "Absolutely".) But I must say this—and I daresay it will not be unwelcome to my Honourable friend—that the charges that have been made cannot be ignored by the Government of India and they must be either substantiated or withdrawn. We shall have to consider in what way we can proceed further with the matter. I will only say at the moment that we are actually going to discuss this position with His Excellency the Governor of Bombay during the few days that he will be spending in Delhi next week. With that I must leave that particular matter.

Now, Sir, another important point on which a good deal has been said is as regards our proposals for dealing with the provision for reduction and avoidance of debt. I have been asked by several front bench speakers some very pertinent questions on that particular proposal. Both Sir Leslie Hudson and Sir Cowasji Jehangir have said: "Is it really sound? What about its effect on our credit?" And my Honourable friend, Mr. Mudaliar, I think, has gone so far as to say that, by introducing this proposal, we are really landing ourselves in a deficit Budget. Now, Sir, I dealt with that subject at some length in my Budget speech, and, therefore, I do not wish to take a great deal of the time of the House again on the subject. But, on the first question—how will it affect our credit,—one can, at any rate, give a fairly good practical answer and that is from the effect of my Budget proposals on the quotations for our sterling securities in the London market. The day before I made my Budget speech our  $3\frac{1}{2}$  per cent. sterling securities stood at  $89\frac{1}{2}$  cum-dividend, that is equivalent to about  $88\frac{1}{2}$  ex-dividend and, according to the prices telegraphed this morning, they stand at 91 ex-dividend, that is, they have risen by about two points and a half. Markets for gilt-edged securities have been strong, but the rise in the Government of India securities stood out among all others, and I think one may fairly put that down to the fact that the City of London interpreted our Budget proposals favourably and as a sign of strength. That, I think, is a good practical answer. If one wishes to go further into the merits of the case, one must, of course, say that in matters of this kind it is a question of judgment. Standards in these matters obviously must vary to some extent in different conditions. If my Honourable friends, who have raised this question, would care to study the budgetary practice of the various countries of the world—and it is an extremely difficult study, because every country prepares its

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Budget on a different system,—they would find that there is practically no country in the world today which has not in the last three years either cut into its Sinking Fund provision or incurred budgetary deficits considerably larger than the amount which it set aside every year for the Sinking Fund. Therefore, I think, on a comparative basis, we can claim that our practice has been sounder than that of any other country of the world. In any case, we felt after most careful consideration that we were not taking undue risks in cutting down the provision this year to three crores of rupees. Honourable Members who have read or listened to my Budget speech will recollect that I anticipated one of the questions which has been put to me today by Sir Cowasji Jehangir. He said "If this is a Divine inspiration for helping yourself out of a financial difficulty, why did it not come to you before?" I gave the answer to that. I said that up till this year we felt that the whole basis on which our revenue estimates were prepared was so uncertain and that there were so many potential adverse factors inherent in the situation—the potential loss of the sugar import duties, for example—that the maintenance of the Sinking Fund provision at its full measure was necessary primarily as a margin of safety, and I went on to say in my Budget speech that it had so proved. In fact, it has proved in the current year that we did very well to preserve that as a margin of safety in the event of our estimates being falsified. We have had to draw upon that margin, and that is really what we have done in reducing the provision to three crores this year instead of the six crores and 80 lakhs which was the full budgetary provision. Now, looking to the future, we feel that most of those potential difficulties have been faced and that our estimates are on a surer foundation than they were last year. That being the case, it seems that a smaller provision is really adequate for the situation. And I would put it to Honourable Members who ask this question that, when considering an issue of this kind, the issue really is: What is the best thing for the country? Either to reduce this provision for the redemption of debt or to impose an additional taxation. Now, there are many countries, as I mentioned in the opening passages of my Budget speech, which are acting on different lines of financial principles, which are taking the view that any attempt to raise even the full amount of your annual expenditure by taxation is a deflationary process which impedes the economic recovery of the country and that one of the ways in helping a country to recover is actually to incur budgetary deficits and adopt what amounts to a process of inflation in that way. We fundamentally disagree with those who take that view. On the other hand, one cannot push the contrary view to extremes, and at a time like the present, when we feel that our budgetary estimates are fairly safe, the idea of imposing additional taxation to raise something like four crores in order to put the provision for the reduction of debt up from three crores to seven crores is, we feel, not in the interests of the country,—in fact, that an attempt to raise that money by taxation would in the long run do more harm than good. That, Sir, was our view of the position. Now, my Honourable friend, Mr. Mudaliar, has criticised me for having made this proposal and then having deliberately guarded the future Finance Member against any commitment under this head, or against any privilege from the fact that we thought it adequate this year. That was done very deliberately. We have adopted this line, because weighing up the issues, as I have just put them, we came to the conclusion that three crores was a fair provision this year, but we are by no means satisfied that in normal conditions

that should be permanently a fair provision. I indicated various possibilities in my Budget speech but I only did so in order to put before the House the general make-up of the issues that are involved. We do not wish to commit the Government of India for the future by any permanent revision of the existing convention in connection with the present Budget. We felt that that was a matter which should be considered in due course when we saw how things were going, and I would remind my Honourable friend that if any new proposal is to be made or any new convention is to be adopted, that will come before this House to be fully considered in this House and to receive the approval of this House.

Another point that was raised, on which I can perhaps clear up some misunderstandings, is as regards war debt provisions. I was asked whether we had taken advantage of the fact that His Majesty's Government had reduced the interest on their war loans from five per cent. to  $3\frac{1}{2}$  per cent. We have taken advantage of that. His Majesty's Government have reduced the interest which we have to pay on the share of the war loan which is outstanding on behalf of India and they have given us a reduction from five per cent. to  $3\frac{1}{2}$  per cent. One Honourable Member asked why we had taken no steps to work for the cancellation of our war debt as other countries have done. Surely Honourable Members know what the position is. His Majesty's Government have given to India and to all the Dominions great concessions, they have said: "If we have not got to pay on our debt to America, we will not claim interest from you. But if we have to pay, then you will have to pay your share". That is our position. We cannot negotiate independently in that matter, for we form part of a general bargain, we form part of a general partnership.

**Sir Cowasji Jehangir:** May I ask whether the British Government have given a token amount to the American Government, and, if so, have they provided for the full amount in their Budget as the Honourable Member has done in the Indian Budget?

**The Honourable Sir George Schuster:** The Budget proposals of the Chancellor of the Exchequer are not before the country yet.

**Sir Cowasji Jehangir:** What did he do last year?

**The Honourable Sir George Schuster:** Last year, according to my recollection, the British Government made no provision. My Honourable friend, on the strength of that, criticised us for having made a provision, and I said, we thought that it was sound to do so, because we wanted to have a certain reserve margin at our disposition, and that was another of the reserves which had to be drawn upon this year. That is the position.

**Sir Cowasji Jehangir:** I have no objection to the reserves in which ever way the Honourable Member wishes to keep them. On the one hand, the taxes, on the other, he keeps reserves, and, on the third, he has handed over a certain amount to a Province, however legitimate and fair. I quite accept the explanation he has given, but it does seem extraordinary to have these reserves.

**The Honourable Sir George Schuster:** It was a margin of strength in our budgetary position. Actually we are not debiting the Budget for the current year with war debt interest payment. That is being suspended and the Budget is being relieved of 88 lakhs on that account. Next year,

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as I explained in the Budget speech, we know that one half-yearly interest instalment has been suspended, and, therefore, we are only providing for half-year's interest plus a provision for redemption by 1952 by equated instalments of the total amount of the suspended payments. That is the position. If my Honourable friend would like to talk to me privately about it, I think I can give him full explanation why particularly this year we consider it sound that this provision should be made. I think that covers all the special points with which I wish to deal.

A good deal has been said on the question of general economic programme and on setting up an Economic Advisory Council. I understand that there will be an opportunity to deal with that matter much more fully on one of the cut motions, and, therefore, I propose to say nothing on that subject now. Nor do I propose to deal with all those controversies between rice and wheat that we have heard in the earlier debate. I notice that one Honourable Member from the Punjab is absent, but he gave us a most entertaining speech in which he dwelt on the two slogans "eat more wheat", and, as far as I understood him, he said "rice means vice". Those no doubt would be popular slogans in the Punjab, but they can hardly be accepted generally by this House. I think that is all that I need say at the present stage, and we shall have ample opportunities of dealing in the various stages of these discussions in the future with most of the issues that have been raised.

**Mr. D. K. Lahiri Chaudhury** (Bengal: Landholders): What about gold?

**The Honourable Sir George Schuster:** I think we can answer all these questions in the later stages of this debate. It only remains for me to thank the House for the generally favourable reception which they have given to my Budget proposals, for the manner in which they have recognised the inherent difficulties of the situation, and for the support which, I think, they continue to give to this Government in maintaining principles of sound finance. (Applause.)

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House would enter on the next stage of the Budget on Tuesday, the 6th March. The House is not sitting on Monday, and that is perhaps a very popular arrangement with the Honourable Members. The Chair has been told that the various Non-Official Parties have come to an agreement among themselves with regard to the order in which the Demands and the cut motions should be discussed. The Independent Party would like to initiate a discussion on Retrenchment in Defence Expenditure and Military Policy. The Democratic Party,—on Federal Finance, the Nationalist Party,—on the Re-organisation of the Public Services with special reference to the White Paper Proposals, the Centre Party,—on the Necessity to expedite the Constitutional Reforms, and the European Group,—on Planned Economy. What the Chair proposes to do is this. On Tuesday, the 6th March, after question time, the available time for the day would be equally divided between the Independent Party and the Democratic Party, the Independent Party will start the day. Wednesday will similarly be equally divided between the Nationalist Party and the Centre Party.

The Chair has been told that it is the general desire of the Non-Official Members that more time should be given, if possible, to the motion of the European Group regarding Planned Economy. The Chair, therefore, pro-

poses to allow the whole of Thursday for the discussion on that subject. If unattached Members come to any agreement among themselves, the forenoon of Friday, the 9th instant, would be available for their motions, and, thereafter, the motions will be taken in the order in which they appear on the Order Paper.

In this connection, the Chair would like to make one other observation. Non-Official Members have frequently made a complaint that during the discussion on the Budget demands, the debate becomes often unreal and very often prolonged by reason of the fact that Government Members do not intervene at an earlier stage. The Chair is inclined to agree with this complaint of the Non-Official Members, and, while, as the Chair said the other day, it must be left to the discretion of the Member in charge of a subject on the Government Benches as to the time which he should choose for intervening in this debate, the Chair would advise Government Benches to so arrange the discussion that, during the next week, one of the Government Members should intervene at an early part of the debate. (Hear, hear.) The Chair is making this suggestion, so that, if Government are so advised, they can make the necessary readjustment amongst their nominated official element before the discussion begins.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 6th March, 1934.