

16th March , 1933

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

1933

FIFTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1933



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1933

M97LAD

Legislative Assembly.

President :

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

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

Deputy President :

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

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

Panel of Chairmen :

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

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

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

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

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

Assistants of the Secretary :

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RAI BAHADUR D. DUTT.

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Committee on Public Petitions :

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

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

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

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

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

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LEGISLATIVE ASSEMBLY.

Thursday, 16th March, 1933.

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

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The House will now resume discussion of the motion that the Indian Finance Bill be taken into consideration.

The Honourable Sir George Schuster (Finance Member): (Loud Applause.) Sir, it is always rather a cold-blooded affair to wind up a debate after a night's interval, but a night's interval gives one an opportunity for calm reflection and I hope on the other hand it has perhaps restored the energy of my Honourable friends opposite and that, therefore, I can count on their attentive hearing to everything I have to say. Sir, a Finance Member who has to sit immovable in his place during three days of general discussion is apt to indulge in philosophical reflections, and I have had ample opportunity during the last three days for doing so. There has passed through my mind, Sir, a certain story that is told of Dr. Johnson. He was taken by a lady to see the performance of a dancing bear. The lady at the end of it said that she thought that the bear had not danced very well. Dr. Johnson said: "Madam, the marvel is, not that the bear did not dance well, but that it danced at all." Sir, I think in present circumstances the marvel is, not that the Budget has balanced in a manner which does not please all Honourable Members of the House, but that it has balanced at all. (Applause.) And, Sir, I would point another moral from that little tale. I listened with a great deal of sympathy to my Honourable friend, Sir Cowasji Jehangir, when he voiced the feelings of many Honourable Members opposite—feelings which must have been present to their minds on many occasions during the past few years—as to the unsatisfactory nature of the present constitution. He craved indulgence from us who sit here on the Treasury Benches for Honourable Members opposite if they approached the matter with a certain feeling of irresponsibility. Sir, I am very conscious of the failings of the present constitution and of the difficult position of Honourable Members opposite. In that connection I was reading the other day the report of the last debate of the House of Commons on reforms in India, and I was very much struck by one passage in a speech made by Lord Eustace Percy. He said:

"One thing that the experience of constitution-builders has shown from the beginning of time is that an elected person is a public danger unless he has fairly immediately before his eyes the hope, the prospect, or the fear of becoming responsible for carrying out what he has talked about on the floor of the Legislature. I say 'responsible' in the moral sense that he has to take on the job."

(Applause.)

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): "A public danger"?

The Honourable Sir George Schuster: Now, Sir, I do not wish to suggest, as my Honourable friend, Dr. Ziauddin Ahmad, has just interpolated, that he or anyone else is a public danger; and indeed that leads me to what I was going to say. Taking again the moral from my little story, I think, if one reflects on what has happened in the last two or three years, the marvel is, not that the constitution has not worked always very satisfactorily, but that it has worked at all (Laughter) and that we have been able to get out of these debates on a series of extremely difficult Budgets really valuable discussions and that we on this side have been able to get valuable help from the Honourable Members opposite. Sir, I wish to give full credit to all Honourable Members opposite who have helped us in this matter, particularly in the matter of retrenchment which has been our main task during the last few years. However, Sir, that is something of a digression and, as the French say, we must get on to our sheep—those poor sheep, both white and brown, who are now so closely shorn, as my Honourable friend, the Leader of the European Group, reminded us, when he started the ball of this very long debate rolling about ten days ago. Sir, the value of a debate of this kind to one stating the Government case is partly that it gives one useful suggestions, and partly that it does reveal whether one's own statement of the position has been liable to misunderstanding.

There is one particular form of misunderstanding with which I wish to deal at the outset and that is the misunderstanding that I have endeavoured to present too bright a picture of the present position. I endeavoured to put before the House certain facts which seemed to me to throw an extremely interesting light upon the position, but I was not attempting,—as my Honourable friend from Burma, whose name I will not venture to attempt to pronounce, because I have not acquired that admirable fluency in a foreign language which I so much admired in him—there was no attempt in my speech to argue a case. He said that in certain passages I supported his own case. I am very glad he should have a case, but I was not defending any particular thesis in giving the figures which I put before the House. I wanted Honourable Members to consider them, because they do throw a valuable light on the situation and have an important bearing on our judgment of the present position and our expectation for the future. If any Honourable Member thinks that I failed to appreciate the serious nature of the situation and particularly the very grave difficulty into which all the agricultural classes have been put, I would just like to read a very short passage from the speech which I myself made at Ottawa. I said this:

"The figures sufficiently indicate how difficult the position of the small cultivator has become. For the prices which he is now realizing for his 'money crops' are in many cases only about a half of the pre-war prices while his fixed charges have probably in most cases increased and the cost of his necessary purchases is much higher. The margin of cash which he can realize is thus totally inadequate to meet his needs. In these circumstances, he is forced either to restrict his own consumption of the foodstuffs which he produces or to part with any property which he may have (cash savings, gold and silver articles, etc.) or to get more deeply into debt."

That, Sir, I think, is still a true account of the position. But I think that the figures which I quoted do tend to show that so far there has not been any very striking restriction of consumption in the main necessities

of life. I think the conclusion which must be drawn for the premises on which I drew the former conclusion still holds good. I think the conclusion which must be drawn is that in the main the poor cultivator has been able to keep up his purchases by refraining from paying his rent, by refraining from paying interest on his debts and by incurring further indebtedness. I think that must be the case and it leads one to this thought that there will undoubtedly be an aftermath from the present crisis which will require very serious consideration and I think, as I have always thought, that one of the main problems before those who have any responsibility for guiding the life of this country will be the problem of dealing with agricultural indebtedness, that vast load which hangs over such a great proportion of the cultivators of this country and which must rob them of the incentive which they should have to improve their own position. Sir, I wish no one to be under any misunderstanding as to my appreciation of the seriousness of that position. But the point that I want to make is this. At present we, who are responsible for the public finance, cannot be deflected from our course by sympathetic and sentimental considerations. Even if we wish to deal with that problem or any of those problems now, conditions are not such that we can take any measures to deal with them. Our task at present is to preserve the financial existence of the country. Our task is to keep the ship afloat. We cannot at present think of grandiose plans for the future. Our struggle to preserve existence needs all our energies and that, I think, Sir, accounts for the fact why perhaps in the speech which I made presenting the present Budget I dealt rather with the purely financial aspects and did not enlarge upon other problems, because it is the purely financial problem which, as I said, must occupy all our attention at the present moment. If in presenting the case I tried to call attention to some of the bright spots, I do not think that anyone can fairly criticise me for that. The thing that really matters is not so much what one says as the action upon which one decides. And when we come to action, it is a curious fact that my critics and I seem to change our roles for whereas I say that the situation is still so serious that we cannot afford to relax any of the emergency measures which we have taken, they, on their side, seem to argue that the time has come when I ought to take a risk. Sir, I prefer my own view of the situation. I feel that so far as action is concerned, there is nothing that I could have proposed which would in any way have approached what is necessary to deal with the present situation other than what I have proposed in the Budget which I have presented to the House.

Now, Sir, dealing with various points that have been raised, I do not wish to take much time of the House in dealing with the well-worn subject of the export of gold. My Honourable friend, Mr. Ranga Iyer, made a very short and clear speech on the matter which showed me that, in spite of the long explanation which I gave of the position in my Budget speech, there is still a great deal of misunderstanding about the situation. My Honourable friend complained that we have not prohibited the export of gold and he accused us of being parties to a policy of dissipating the resources of the country. Now, Sir, if my Honourable friend had studied what I had said, he would have found that, taking the 15 months to the end of December last, out of the proceeds of gold which had been sold worth 80 millions sterling, Government had actually acquired 70 millions, and having acquired that 70 millions sterling, it could equally have acquired

[Sir George Schuster:]

and held an equivalent amount of the gold. From our point of view at present, as a matter of fact, it is equally valuable, at least so we think, to hold sterling balances as to hold actual gold. Having acquired that 70 millions, we could not sit upon it. We are bound, at least as regards a great part of it, to go through the process of what my Honourable friend calls dissipating it, because we have certain current requirements to meet. Even if we had prohibited the export of gold and bought that 80 million pounds of gold ourselves, we still would have had to part with about 85 million pounds worth of it in order to provide ourselves with funds to meet our sterling requirements. We should also have had to part with a further balance of ten millions of it in order to meet the demands which would have come to us as currency authority from private individuals who wanted to acquire sterling balances. So it is only the balance of about 85 millions that we could have been able to retain. That we could quite well, according to our present policy, have retained but, instead of retaining it in the form of gold, we have used it to re-pay our maturing loans in London and to strengthen our currency reserve and treasury balance in the form of sterling. Therefore, there has been no process of dissipation. We could, I quite admit, have got all that gold, but having got it we could not have held it unless we had departed entirely from our present position by putting an embargo on all foreign exchange transactions and prohibiting the country from importing more goods than the amount which the value of our exports of merchandise would have supported. That would have meant the restriction of our imports for the current year to something like 80 crores. Well, Sir, if our imports had been restricted to 80 crores, our customs revenue would have fallen from something over 50 crores to something like 25 crores, and I leave Honourable Members opposite to form their own conclusions as to what our position would have been if that had happened. Sir, in this matter we have to face realities. We cannot be guided by any sentimental affection for preserving the country's holding of gold, and I would put it again to the House that the whole question is whether at a time like this, when the value of the merchandise which the country can export is reduced to such a terribly low level, it is not legitimate for the country to help itself through that period by drawing upon its reserves. I still maintain that that is a legitimate use of such reserves. But I also realise that it is a process which cannot go on indefinitely, and as I made quite clear in my own presentation of the position to the House, if the present depressed level of the world's demand for India's commodities and the present depressed level of prices of these commodities continues, then we shall be faced with a problem of extreme gravity which will make it necessary for us to overhaul the whole position. We must be ready to meet that sort of crisis, but for the present let us at least congratulate ourselves that we have come without disaster through our troubles up to this point, and that not only have we done that, but have greatly strengthened the financial position of India in the world.

Now, Sir, I think perhaps the best speech that I can take as a guide through all the subjects that have been raised is the speech made by my Honourable friend, the Leader of the Independent Party. He asked me in the first place, what did I mean by sound finance? Well, Sir, in the first place I mean something quite different from unsound finance. (Laughter.) I mean something quite different from, let us say, what

has been happening in the United States of America, where the floating debt of the Government has been increased during the current financial year by no less than 3,000,000,000 dollars; and that is because they have not tackled the task of balancing their Budget. Now, Sir, a country in the position of the United States, a strong creditor position, the owner of the largest stocks of gold in the world, a country in that position can perhaps take risks. I think recent events have shown that they have gone very near the limit of the risks which they can safely take. But for us in this country to take risks of that kind would be absolute madness. Therefore, by sound finance I mean a policy which provides for paying out of the income of each year the expenditure of each year, a policy which does not mean borrowing to meet current expenditure. And I would remind Honourable Members that if there is a temptation to follow a policy of that kind and to shirk our immediate difficulties in that way, that does not mean that you get out of the difficulties. What you are doing is simply to put upon the tax-payer of tomorrow a burden which should properly be met by the tax-payer of today; and as Honourable Members opposite are likely to have a much closer connection with the responsibilities for dealing with the tax-payers of tomorrow, I suggest that they would be wise to let us incur the odium of taking the proper sum from the tax-payer of today.

Now, Sir, again by sound finance I mean finance,—I do not mean everything else in the world, agriculture, religion and all the other subjects that have been dealt with in this general discussion (Laughter),—and, therefore, primarily one must talk about finance, and finance unfortunately is a hard-hearted, unsentimental subject. At the same time I quite agree with my Honourable friend that the financial position depends on the general economic development of the country, and that to consider nothing but raising taxes is to take a narrow view of the situation. But I cannot agree with my Honourable friend that Government have been doing nothing towards increasing the productivity of the country. He said I think that no serious attempts had been made to increase the productive power of the country. Now, we had quoted to us in this debate the review which Sir Walter Layton made of the finances of India, and I shall have myself occasion to turn again to that very excellent review. But I would remind my Honourable friend of one important passage in the chapter summarising the financial situation. Sir Walter Layton, Honourable Members will recollect, anticipated a considerable expansion of the revenues of this country and the reasons which he gave for that he stated as follows:

"On the other hand, there are reasons for thinking that the economic development of India in the next ten years should be much more rapid than in the last decade. Several gigantic irrigation projects which will bring millions of acres under cultivation are now nearing completion in Sind, the Punjab and Madras. Railways are being extended as fast as funds permit. The requirements of a rapidly developing motor transport have necessitated the constitution of a standing committee on roads whose efforts undoubtedly will result in an improvement and extension of the road system. Three harbours, Vizagapatam, Cochin and Tuticorin which are in course of construction will be opened for traffic before long. It is to be expected that with this economic progress foreign trade, which is extremely low per head, will substantially increase and with it the yield of Customs."

Now, Sir, all these facts are of course very well known to every Member of this House and they will also compare with that expectation the facts which have actually transpired in the last three or four years since Sir Walter Layton wrote that report. But the point that I want to make

[Sir George Schuster.]

is this that these are the obvious ways in which the Government of a country like India can help to increase the economic productivity of the country; and I do maintain that in the past years the Government, chiefly of course the Provincial Governments, have been very active in that direction. But what is the result today? We unfortunately are in the middle of a terrible crisis of depression in which the whole effort of every one, who is engaged in bringing about an improvement in the situation, is not to increase production but rather to restrict it. And in those circumstances the task of doing anything to improve the economic productivity of the country is practically, in present conditions, an impossible one. Now, Sir, the whole future of the world's demand for agricultural products, all the questions of what is necessary in order that India should keep her place as supplier of primary products, all these are difficult and important questions which need a great deal of study and care. But there is one general line of development which, I think, has always been supported by Honourable Members opposite and that is that it is necessary to raise the standard of life in India, and that that can best be done by supplementing agricultural production with industrial development. Well, Sir, I agree that that is necessary to raise the standard of life in India, and that for this purpose there must be some supplementary industrial development. But I do not think that we can be accused in the last two years of not having dealt with the demands which have been made for measures much advocated by Honourable Members opposite for increasing and stimulating the industrial development of the country. A study of the figures showing how imports, for instance, of cotton piece-goods, have declined in relation to the internal production of the country is very instructive. I gave those figures last year. I do not propose to repeat them. But apart from that we have endeavoured to do something in the way of making an even balance by also helping the development of agricultural enterprise, and I think we may claim that the increased duties imposed on sugar have very definitely helped in that direction and have created one small bright spot in the midst of all the agricultural depression during the last two years. I would like to add that our proposal in regard to the small duty that we imposed on raw cotton is also a measure tending in that direction, and I hope that it will continuously influence the Indian mills to look to Indian cotton when they require long staple cotton, and will help to encourage the Indian agriculturist to produce that cotton. (Hear, hear.) On that particular point I strongly disagree with my Honourable friend, Sir Abdur Rahim, who quoted that as one of the bad taxes which have been imposed during the last two years. That, Sir, is what I claim that the Government have done, but my point, which I have already made, is that in a crisis like the present there is very little opportunity for helpful work, our whole efforts being required just to keep our heads above water. Nevertheless, as I pointed out in my Budget speech, we think in certain respects that the time is coming when we can turn our thoughts again to constructive work, because at least we have created one of the conditions which would justify such a policy, the condition of cheap money and the improvement of the Government's credit.

Now, Sir, my Honourable friend, Sir Abdur Rahim, asked me a question as to what we should consider as sound economic schemes, I find it a difficult question to answer precisely. If, for example, he wants to know

whether one would consider it justifiable to finance road development from loan funds, I must say that the whole matter must be examined on its merits. I should not go so far as to lay down as an absolute rule that each particular project must itself pay a direct return of sufficient revenue to pay interest on the capital which has been used to finance it. But on general lines one must be satisfied that capital expenditure is going to increase the economic productivity of the country. Otherwise one is increasing the burden of interest without increasing the means by which that interest can be met. That is the main principle which must always be observed, and having listened to what my Honourable friend said on the question of the burden of the public debt, I am sure that he will agree with that general principle.

Then my Honourable friend turned to the expenditure side. He was quite right in doing so. Naturally, in times like this, one cannot look to meet one's troubles merely by raising taxation. He complained as regards expenditure that our Budget was nothing but debt charges and army expenditure, and practically nothing else. Well, Sir, of course we all know that. But I would remind my Honourable friend that it is an unfair way, if I may say so, of presenting the case, because the position of the Central Budget depends entirely on the division of constitutional functions between the Centre and the Provinces. If one has to consider the public expenditure of India, one must put together the expenditure of the Provincial Budgets and of the Central Budget. It is obviously true that the main task of the Central Government is to provide for defence and for the service of the debt of India, and that being so it is impossible to avoid a position to which my Honourable friends called attention. My Honourable friend then went on to criticise—I shall deal with army expenditure later—the burden of the country's debt. I confess that I was surprised to hear him take that line, because I thought that, if there was one thing about which every one agreed in regard to the public finances of India, it was that the burden of the public debt of India is an extraordinarily light one. In fact I am quite certain that there is no country in the world which is in a position at all comparable with India in that respect. I publish every year with the Explanatory Memorandum produced by the Financial Secretary a statement showing the various interest bearing obligations of the Government and the assets which we hold against them. The figures are, I believe, well known to Honourable Members. But when my Honourable friend talks about the terrible burden of debt, I would ask him to study again Table IV in the same pamphlet which analyses the interest payments of the Government of India, and I would remind him that the total net interest payments are now brought down to a figure of 10,79,00,000 and that that includes a sum of 2,55,00,000 representing the bonus on cash certificates which formerly was not included. If I allow for the difference in comparing various years made by the fact that since 1930 we have followed principles of sound finance as regards those cash certificates, I find that the total net interest payment this year is something like a crore lower than it has ever been during the period from 1921 which is the period covered by this table. It is steadily coming down, and, of course, as I explained to the House in my Budget Speech, the result of our conversion operations will be to bring it down still further. I feel, Sir, that that is just the one feature in the picture of public finances in India today of which we may be proud.

Now, Sir, turning to the Army, various types of criticisms have been made. There are those people who merely tell us that army expenditure has got to come down to 80 crores. Well, that is not a very useful form

[Sir George Schuster.]

of criticism. No doubt it is a very desirable objective but it is quite obvious that it cannot be attained in the immediate future, so that, in relation to our financial trouble of 1933-34, it has very little value. What we are considering now is what taxes we ought to raise in order to meet the financial expenditure of 1933-34. Then, another form of criticism has been the detailed criticism advanced by my Honourable friend from Madras, Diwan Bahadur Mudaliar who raised special points, as regards two particular branches of the service. Those points will certainly be most carefully examined and I will put them before the army authorities and ascertain what substance there is in them and what can be done on the lines suggested by my Honourable friend. Then, another type of criticism was that advanced by my Honourable friend, Mr. Ghuznavi, who referred again to Sir Walter Layton's Report. I shall come back to his particular line of attack afterwards, but in case of army expenditure I would remind him that Sir Walter Layton, having advanced the view that army expenditure was too high, forecasted that it would be possible within ten years to reduce it to 45 crores after eliminating the expenditure incurred in defence on Burma which he estimated at three crores. Therefore, he was reckoning on what would be the equivalent today of an Army Budget of 48 crores, but that it would take ten years to arrive at that result, but we have got to a figure of 1,80,00,000 below that in three years. Therefore, Sir, if Sir Walter Layton is to be quoted as an authority for criticising the Government, I think we have a very effective answer indeed. Then, my Honourable friend, Sir Cowasji Jehangir, advanced another line of thought. He argued that we might take the United Kingdom as a standard and that as they had increased their expenditure on the Army Vote only by 30 per cent. since before the War, we ought to be content with a similar increase of 30 per cent., which would mean an Army Budget of about 40 crores. I have only just got some detailed figures on this question and I cannot give the House any digested summary of these figures, but I would just remind my Honourable friend of certain facts. In the first place, our Army Budget, as he well knows, includes expenditure on the Air Force: if that expenditure is included, the comparison is: in the United Kingdom in 1914 it was 28½ millions and in 1933, £55 millions, or an increase of nearly 100 per cent. In the case of India, the increase is from 29 crores to 46½ crores, an increase of 58 per cent. If we eliminate the Air Force expenditure and say that that is quite a different matter which has nothing to do with the Army, as I think my Honourable friend suggested, then we have in England an increase from £28½ millions to 38 millions, and in India an increase from 29 crores to about 44½ crores. But there are other things to be taken into account. The Army Budget in India includes the expenditure on war pensions—a matter of 1½ crores. In the British Budget that is borne under a different head: my Honourable friend, I am sure, knows that the war pension liability in England is £50 million sterling per annum. So he ought to eliminate that also which would bring our expenditure for purposes of comparison down to 43 crores. Then, as regards non-effective charges, they have increased very much indeed. In India, they have increased by about 340 lakhs, whereas in the British Budget they have increased by £4 millions; that represents about the same proportion of increase. But the main point that I want to make is this: my Honourable friend argued that the British Army was not ready for war before 1914, whereas the Indian Army was always ready for war. I really do not know how my Honourable friend came to

make a statement of that kind. The one thing which stood out in the history of the War was the complete readiness of the small British Expeditionary Force to take the field immediately. It was small, but it was the most perfectly equipped and the most perfectly trained army that took the field: whereas the Indian Army, before the War,—again, I am sure, my Honourable friend knows this—was organised on a system which proved itself absolutely unfitted for conditions of modern warfare. My Honourable friend knows that they had in the cavalry a system known as the Silladar system which meant really that the Colonel of every regiment was a small contractor who produced the unit at a certain cost for the Army. The same system prevailed in the greater part of the infantry. It was found, and the army authorities were unanimous about it, that they could not possibly go back to that system after the War, and that change in the system accounted for a greater part of the increase in the army expenditure. If Honourable Members opposite wish to go into the question of army expenditure on the basis of the question of whether the country is getting good value for the Army as compared with what it was getting before the War, then the army authorities have got nothing to fear. There is no chance, I am quite convinced of that, of finding economies in that direction. You have got to face the fact that if you want a substantial reduction in army expenditure, you have got to do with a smaller Army. That may be necessary. I am not going to deal with that question. But that is what has got to be faced if it is desired to alter the whole basis of expenditure in India by a substantial reduction in military expenditure.

Turning to other expenditure, I must confess that I was somewhat disappointed with my Honourable friend, Sir Abdur Rahim's speech. I had prepared for him the fullest information that I could. I had prepared also for a detailed attack. I found that my labours were wasted. He went very hastily through the whole position and contented himself with what I think I must describe as the most slovenly of all the economist's methods, the method of a lump cut. He told us that they were going to decide in his Party what lump cut must be made and that then they were going to reduce our taxation provision accordingly. It is impossible to deal with the matter in that sort of way, and I do maintain that we have established our case, that so far as economies without altering the whole system on which the Government is carried on can be effected, we have got very near the limit of what is possible and equally near the limit of what Honourable Members opposite were able to recommend. As I have said, if we are to face a new level of values, a new level of public revenue in India, then this whole problem may have to be considered again in quite a different way. But for the present as long as we feel that it is not necessary to face such a desperate expectation, then I maintain that our economy measures have been all that can reasonably be demanded of the Government or that can be reasonably performed. In the meanwhile, I await with some equanimity this sword, or possibly I may say this axe, of Damocles hanging over my head.

I have only two more points to make and I shall have finished. I am afraid I have kept the House for a long time. The whole question really which we have to consider, the whole basis of the attack is whether taxation at its present level is an intolerable burden. There the point perhaps was made most clearly by my Honourable friend, Mr. Ghuznavi, who relied again on Sir Walter Layton's Report. I think my Honourable friend would have presented a truer picture if he had quoted a little more

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fully from Sir Walter Layton's Report. Sir Walter Layton pointed out, quite truly, that military expenditure in India bears a very large proportion to the total expenditure; and he gave some very arresting figures illustrating that point. But he went on to say:

"There is another figure to be considered, and that is the ratio which the total tax revenue collected in India for both central and local purposes bears to the total national income of the country.

Taking the preceding figures as basis, the ratio of total taxation to national income in India is only about six per cent. If the more pessimistic estimates of the national income per head in India, which place it at about 80 rupees, are correct, the taxation percentage works out at about eight per cent. In Britain the proportion is about 20 per cent. It is perhaps even more significant that the ratio in Japan, which is an oriental country with a population whose standard of living is low, is also about 20 per cent. It is clear, therefore, that in comparison with other countries, the proportion of the income of the nation which is taken by the tax gatherer is low."

And he then goes on to say:

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

Now, Sir, of course the picture has changed since Sir Walter Layton wrote those words, and I have no doubt that the national income valued on today's prices will be lower than he took. The burden of taxation has also been increased, and, in making those increases, I think we can fairly claim that we have distributed them evenly over the sources of wealth of the rich and over the necessities of the poor, and the figures which I have shown at least demonstrate this, that, so far at any rate, the taxation upon necessities of the poor has not resulted in any substantial decrease in consumption. Now, Sir, I would remind the House that Sir Walter Layton, after having expressed the view that it was necessary to find more money for beneficial expenditure, propounded a scheme, according to which, with the growth of revenue, particularly of customs revenue, the Central Government would be able to part with something like 12 crores for the benefit of the provinces,—and I would remind Members of this, because it is an important point which has a bearing on future discussions which are coming very near on the question of Federal Finance,—while he estimated that the Central Government could part with 12 crores of revenue, he estimated that the Provincial Governments, out of their own present resources, would help themselves to the extent of 24 crores. His ideas were,—and I am sure they will not be very popular ideas,—that a great deal of money could be raised in the form of agricultural income-tax and death duties. Those were two of his chief weapons. I do not wish to discuss them on their merits, but if Sir Walter Layton is to be quoted as an authority in criticising our present position, then I do think it is fair to say that he deliberately came to the conclusion that the burden of taxation at present was not unduly heavy and that it was capable of considerable expansion

Sir Abdur Rahim (Calcutta and Suburbs: Muhammedan Urban): What is his estimation is the average income per head of the Indian population?

The Honourable Sir George Schuster: Sir Walter Layton took the figure of Rs. 80 per head per annum.

Now, Sir, there is one other broad general consideration about the burden of taxation which I want to put particularly to my friends who engage in business. We are so often told that taxation is an unbearable burden on commercial enterprise, and that it is checking commercial enterprise today, and that, therefore, we should be wise to lighten that burden and we should gain more revenue by doing so. I put it to every one present here today who is actively engaged in business,—I put this point to him,—does the fact, that he has to pay now five or ten per cent. more income-tax than he had to pay before 1931, carry any weight at all in his decision as to whether he will undertake a particular piece of business or not? Is not his business activity today entirely hampered by the position of the world, by the lack of markets, by the uncertainty of the future courses of prices? I am quite certain that every man who sits here today and who really honestly answers that question will say that, although in normal times the comparative burdens of taxation between one country and another might have some influence on whether one undertook business in one particular country or another, we are now in the midst of difficulties of such a tremendously greater nature that these questions of taxation carry practically no weight at all. Sir, I feel sure that that will really be the view of every man present here today. I would then go on from that and put to my friends who are engaged in business the consideration which I put in one of the closing paragraphs of my Budget Speech, where I argued that from the point of view of business it was more in their interests that we should preserve conditions of sound finance in India, that we should keep Government credit high so that Government could borrow at very low rates of interest, that we should keep money cheap so that people would eventually become encouraged to invest money in industrial enterprises, and that that was the one sound way of seeking for an outlet from the present vicious circle; but that if we relax our efforts, if we take risks about the Government credit, if we see Government Securities again falling and rates of interest going up, that is going to do them much more harm in the long run, and further in the long run they will suffer much more heavily from the additional taxation which it will eventually be necessary to impose in order to recover the ground which has been lost. I would invite the attention of Honourable Members to the position of two great countries, France and United States, today. They have carried on longer than we have without facing the realities of the financial situation, and I maintain that their difficulties in the next year or two are going to be far greater than anything that we have had to encounter, and that if we had followed that course, we should now not merely not have a balanced Budget, but that we should all have been ruined together. That, Sir, I feel sure, is not an exaggeration of the position, and, therefore, I would ask Honourable Members to consider it on its merits, and to consider it not as Members of an irresponsible opposition working under the present constitution, but as representatives of the public who may very soon have an opportunity to cross this floor and try their own hands at the task which is ours today. Sir, I believe that when that day comes, those who came to curse the present Budget proposals will remain to bless our firm determination to keep the position sound and to avoid putting on to the shoulders of the tax-payers of tomorrow the burdens which we are asking them to bear today.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Stamp Act, 1899, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, be taken into consideration."

The motion was adopted.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Before the House takes into consideration the clauses of the Bill, we can dispose of the first four items that stand on the order paper.

THE INDIAN TARIFF (OTTAWA TRADE AGREEMENT) SUPPLEMENTARY AMENDMENT BILL.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, may I express my regret that I was not in my place to move this motion at the commencement of the business of today? Sir, I beg to move for leave to introduce a Bill to supplement the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932.

The motion was adopted.

The Honourable Sir Joseph Bhore: Sir, I introduce the Bill.

THE PROVINCIAL CRIMINAL LAW SUPPLEMENTING BILL.

The Honourable Sir Harry Haig (Home Member): Sir, I also express my regret that I was not in my seat at the commencement of the proceedings. I move for leave to introduce a Bill to supplement the provisions of the Bengal Public Security Act, 1932, the Bihar and Orissa Public Safety Act, 1933, the Bombay Special (Emergency) Powers Act, 1932, the United Provinces Special Powers Act, 1932, and the Punjab Criminal Law (Amendment) Act, 1932, for certain purposes.

U Kyaw Myint (Burma: Non-European): I do not intend to make a speech, but I rise to lodge a formal protest.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): A formal protest because Burma is left out!

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to supplement the provisions of the Bengal Public Security Act, 1932, the Bihar and Orissa Public Safety Act, 1933, the Bombay Special (Emergency) Powers Act, 1932, the United Provinces Special Powers Act, 1932, and the Punjab Criminal Law (Amendment) Act, 1932, for certain purposes."

The motion was adopted.

The Honourable Sir Harry Haig: Sir, I introduce the Bill.

STATEMENT OF BUSINESS.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Leader of the House will now make a statement of business for the next week.

The Honourable Sir Brojendra Mitter (Leader of the House): I also wish to express my regret that I was not in my place at the commencement of the business today.

With your permission, I make the usual statement regarding Government business next week.

As Members already know, the election of Members of the Standing Finance Committee and the Committee on Public Accounts will take place on Monday and of the Deputy President on Tuesday.

During the week motions will also be made for the election of Members to the following Committees:

1. Standing Finance Committee for Railways,
2. Central Advisory Council for Railways,
3. Standing Committee for Roads,
4. Standing Committee of the Department of Education, Health and Lands, and
5. Standing Emigration Committee.

As regards legislative business, on Monday the Honourable the Finance Member will move for leave to introduce a Bill to modify and to extend the operation of the Salt (Additional Import Duty) Act, 1931, and, later in the week, he will move that the Bill be taken into consideration. The Honourable the Commerce Member will move on Monday that the Wheat Import Duty (Extending) Bill be taken into consideration; and he will move, as soon as that Bill is passed, that the Cotton Textile Industry Protection (Amendment) Bill be taken into consideration. It is most important that these three Bills should be disposed of before the end of the week, for in the event of their becoming law they should take effect before the 31st March—the date on which the Acts to which they relate will expire.

In addition to these Bills Government will proceed with the Finance Bill, and if there is time, the Honourable the Home Member will move that the Provincial Criminal Law Supplementing Bill be taken into consideration, and Government will proceed with the Bills left over from this week. As the legislative programme for the Session is a heavy one, I may have to ask you, Sir, during the course of the next week, to direct that the Assembly should sit on Saturday, the 25th, for the transaction of official business.

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The House will now take up the consideration of the Finance Bill clause by clause. For the guidance of Honourable Members it may be stated that there is already a ruling from the Chair as regards amendments

[Mr. President.]

which would require the sanction of His Excellency the Governor General under the Government of India Act. It has been ruled that no sanction of the Governor General will be necessary with regard to amendments which seek to reduce taxation, but that the sanction of the Governor General would be necessary only in cases where an amendment seeks to impose a heavier taxation on the tax-payer, and the Chair proposes to follow the same ruling.

The question is that clause 2 stand part of the Bill.

Mr. B. Das (Orissa Division: Non-Muhammadian): I wish to rise to a point of order. Today I find you have been pleased to permit the reversion of the order of the agenda. The agenda has been reversed, and we cannot take it up and reverse it again and take up the Finance Bill. I think the House should adjourn now and a new agenda should be drawn up so that we can consider the Finance Bill.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Chair does not think that there is anything in that point of order at all. The question is that clause 2 stand part of the Bill.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadian): There is a new clause to be added before that.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Chair had itself some difficulty as to when the amendments that stand in the name of the Honourable Member, Mr. Maswood Ahmad, should be taken up. These amendments seek to introduce certain new clauses in the Bill and the Chair would have no objection if it is desired that these amendments should first be taken up. Before calling upon the Honourable Member to move his amendment No. 1 that stands in the order paper, the Chair would like to hear from him how his amendment is in order, because he seeks to repeal section 4 of the Indian Finance (Supplementary and Extending) Act, 1931. This Indian Finance (Supplementary and Extending) Act, 1931, is not mentioned either in the title or in the preamble of the present Bill, and the Chair would, therefore, like to know how his amendment is in order.

Mr. M. Maswood Ahmad: If you will see the title of the Bill, it says:

"To fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894 . . ."

My amendment is also to vary certain duties leviable under the Indian Tariff Act whether these duties were added in the Indian Tariff Act by the Supplementary Act or by any other Act. I want to vary certain duties leviable under the Indian Tariff Act—Schedule II of the Tariff Act. They were raised by 25 per cent. last year by the emergency measure, and I want to revert to the position before 1931. So, I submit that my amendment is in order.

Mr. C. C. Biswas (Calcutta: Non-Muhammadian Urban): In support of what my Honourable friend has said, I would like to draw your attention to the Statement of Objects and Reasons, where you will find specific mention made of the Indian Finance (Supplementary and Extending) Act, 1931. I submit, therefore, that the amendment is in order.

Mr. D. G. Mitchell (Secretary, Legislative Department): I submit that the surcharges are not part of the Indian Tariff Act (*Some Honourable Members*: "Louder please.") I submit that the surcharges are not part of the Indian Tariff Act. They were imposed under a special Act which in no way affects the title or the preamble of the Bill. There has been no intention in the Bill to alter this Indian Finance (Supplementary and Extending) Act and any question of the alteration of that Act has not been sanctioned by His Excellency the Governor General, and any amendment of that Act would require his sanction as not coming within the sanction already given.

Mr. M. Maswood Ahmad: There is nothing to sanction, because my amendment seeks to reduce taxation, and not increase it.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Do not the surcharges expire on the 31st March?

Mr. D. G. Mitchell: Not under the Supplementary and Extending Act. There is no time limit to the surcharges imposed by the Supplementary and Extending Act. They will be repealed in due course presumably by some future Finance Act.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. All amendments to a Bill which is before the House must be within the scope of the Bill. The scope of a Bill is to be sought not in the Statement of Objects and Reasons, but either in the Title to the Bill or in the Preamble to the Bill. Honourable Members will observe that in the Title and in the Preamble to the present Finance Bill, there is no mention of the Indian Finance (Supplementary and Extending) Act, 1931. None of the provisions of the present Bill seek to touch any of the provisions of the Finance (Supplementary and Extending) Act of 1931. The Chair, does not agree with Mr. Mitchell that the amendment of the Honourable Member, Mr. Maswood Ahmad, not being covered by the sanction given by His Excellency the Governor General, would be out of order. If the Chair holds that an amendment is not within the scope of a Bill, then the question whether sanction has been given or not does not arise. Section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, which the Honourable Member seeks to repeal by his amendment, is, the Chair understands, a section which imposes a surcharge of 25 per cent. on certain items leviable to customs duty. The Honourable Member's contention in support of his amendment, as the Chair understands it, is that he wants to vary the duty imposed on certain articles, and since the present Bill seeks to vary the duties, his amendment is in order. But, under the Finance Bill, duties that are leviable under the Tariff Act of 1894 are sought to be varied, but not duties or surcharges levied under the Supplementary and Extending Act of 1931. Since this amendment is clearly outside the scope of the Bill, the Chair is of the opinion that it is entirely out of order.

Mr. C. C. Biswas: May I draw your attention to clause 3, sub-clause (2) which expressly refers to the Indian Finance (Supplementary and Extending) Act, 1931:

'Notwithstanding anything contained in section 4 of the Indian Finance Act, 1931, or in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duties levied imposed by those sections shall not be levied on any articles', and so on. That does seek to make a variation in that Act.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Chair does not agree with the Honourable Member. The Chair has made it perfectly clear that the scope of a Bill is to be sought either in the Title or in the Preamble to the Bill. A proviso, excluding the operation of a certain Act in the operative clause, does not enable the Chair or the House to find out what the scope of the Bill is. The amendment is clearly out of order.

The same remarks will apply to amendments Nos. 2 and 3 also. Mr. Maswood Ahmad. Amendment No. 5.

Mr. M. Maswood Ahmad: Sir, I move

"That in clause 2 of the Bill, the words 'one rupee and' be omitted."

We have heard much about salt in the course of the debate. Proceedings of the previous years are full of facts and figures. So I do not want to say anything more. I will only say that India is now worse than it was at that time and so, Sir, I want to move this amendment.

Sir, I move:

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Motion moved:

"That in clause 2 of the Bill, the words 'one rupee and' be omitted."

The Honourable Sir George Schuster (Finance Member): Sir, copying the brevity of my Honourable friend, I would say, this amendment will cost us 656 lakhs. I cannot afford it. Sir, I oppose it.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, the words 'one rupee and' be omitted."

The motion was negatived.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

I am sorry I shall not be so brief as my friend from Bihar. At the same time I shall not make a lengthy speech. I shall only reiterate those points which have been urged year in and year out on the floor of the House to the deaf ears of the Treasury Benches. We know that however much we may ask for reduction in taxation, the Treasury Benches would not yield until they find it advantageous to somebody else except the poor tax-payer of India. That is a principle which ought not to guide the policy of the Government in matters like this. The destiny of more than 80 crores of people is in the hands of a few foreigners who have come 6,000 miles away. They come here with the avowed object of civilising us, of giving us law and order, peace and good government. At the same time they also tax our things with which we take our food. To tax the breakfast of a people, who have nothing else to eat but a little rice or bread with some vegetable like grass, by taxing salt is a thing which is very cruel. Looking to the whole history of the salt duty in this country, we find that there has been no consideration ever shown to

the starving millions of this country. We remember, whenever there is a deficit, the Government come in with a proposal to screw up the salt duty. It was done several times. Looking so far back as 1846, we find that when the duty on port to port trade was abolished, the salt tax was raised. When the cotton import duty was decreased, salt duty was increased. I can multiply instances like this, but I would not tire the patience of the House by saying all these things which must be familiar to every reader of the history of the salt tax. It was probably in the year 1852, during Lord Dalhousie's administration, that we find that imported salt was making an encroachment upon the indigenous industry and there was protest. Our philanthropic friends in England, represented by the Bristol Chamber of Commerce, submitted a long petition a few lines from which I may be permitted to quote:

"The price to the consumer here in England is 30 shillings per ton instead of 21 shillings per ton in India and if it were necessary to abolish the salt tax at home, it appears to your petitioners that the millions of your Majesty's subjects in India have a much stronger claim (*I would draw the special attention of the Finance Member to these words*) for its remission, in their case wretchedly poor as they are and essentially necessary as salt is to their daily sustenance."

And they conclude by saying:

"The merchants, the shop-keepers and the tradesmen of Liverpool hold it to be a sacred and solemn duty"—and *I believe the Honourable the Finance Member also holds this to be a sacred and a solemn duty*—"of the Government to afford to the people of the country the same fostering care as is and ought to be afforded to the people of this country."

With this appeal, Sir, I think the Honourable the Finance Member and the Members of the Government of India will agree. Sir, it may be asked: "How are we to meet the deficit", as was observed in the course of the reply to the amendment preceding my amendment. Sir, it is not for us, because we have not been taken into their confidence, to find ways and means: it is for the Finance Member and his colleagues to find out the ways and means. All that we can do here is to place before the House the iniquity of a tax which taxes the food of the poor. But at the same time, if I am not asking for the total remission of the tax or the reduction of the tax by one rupee, I think the figure arrived at is one which ought to be accepted in normal times as well as in times of distress. If I am to quote an authority on this point, I can do no better than quote from a few lines from the Taxation Enquiry Committee's Report which will at once convince the House of the justice of the cause I am pleading. Sir, the Taxation Enquiry Committee in their report at page 138 say:

"There is abundant evidence that the discussions of recent years have resulted in much unsettlement of the market, considerable increases of price to the consumer and profit to the dealer, with no advantage to the exchequer. Dr. Paranjpye would like to see that the rate is reduced to about 8 annas in normal times. It is usually the case that the consumption increases with the decrease in the duty."

Now, here is the first Senior Wrangler of India who says this—one who has never been guilty of being opposed to the Government of India in any way and who is a liberal politician and whose views ought, therefore, to be respected. Then, Sir, the report goes on:

"He considers that this is a legitimate source for increased taxation in case of emergency and would, therefore, keep the normal rate very low. Also he thinks that any reduction in the rate should be appreciable. Otherwise it would not benefit the masses of the people who buy their salt in very small quantities at a time."

[Mr. Amar Nath Dutt.]

Sir, we may go on with amendments for reducing the salt duty to 12 annas, to one rupee or even to Rs. 1-2-0, but, Sir, I submit that that will not benefit the poor for whom I am pleading. Sir, I think, unless one is too much obsessed by his own self-interest, he will admit that salt like water and air ought to be free to every individual. Sir, this country of course is favoured by the gods; it is defended on all sides by natural barriers of seas and mountains, it had had plenty and more than plenty at one time; but, alas, it has been cruelly subjected to famines now—more than 30 famines in the course of a century, which is the history of the past 200 years of British rule in India! To what all this can be ascribed is for economists and politicians to say, but I must say that the effect has been heart-rending, since we find millions of our countrymen perish in this country for want of simple food! To tax people in a country like this on the barest necessities of life, and on such a vital necessity as salt, without which no human being can have a morsel of food, I think, is a cruel wrong which is being inflicted on us, poor Indians, for the purpose of affording relief to other wealthy revenue-payers who do not deserve at least that much consideration that is even now shown to them. Sir, whenever there is a surplus, you will find that they hurriedly proceed to remove certain duties which do not affect 90 per cent. of the people of this country and which they are not so keen on having removed, but the salt duty is kept on. Sir, that is a thing which ought not to be in a country like this. Sir, salt is not only indispensable for a human being, but is also necessary for cattle. Those who are aware of the condition of the peasants of this country—and I appeal to my gallant friend over there, Captain Lal Chand, who is probably more familiar with the conditions of the tenantry in the Punjab than I am. I remember, when I was in a neighbouring district to that of my friend, people taking their baked wheat breads only with salt and a few drops of water mixed up and one chilly. That was the food taken when I was in a neighbouring district of his and, that, I believe, is still the food of the agricultural masses who supply us with food and sustenance.

Hony. Captain Rao Bahadur Chaudhri Lal Chand (Nominated Non-Official): But what difference will the revision of this small tax make to them? They want something more. This won't make any difference at all.

Mr. Amar Nath Dutt: I am sorry my friend represents them as much as I do, but is he aware that they do not get even that sufficient quantity of salt that is necessary for eating their baked *chappatis*?

Hony. Captain Rao Bahadur Chaudhri Lal Chand: In the Punjab at any rate there is no difficulty about salt.

Mr. Amar Nath Dutt: Sir, my experience differs from his. I happened to have lived in the district of Hissar for some time and I have seen the condition of the people of the district which adjoins his. I am sorry, that is not the condition of agriculturists in the district of Hissar. In order to keep up the good health of the cattle for which my friend's neighbouring district of Hissar is famous, I think salt is necessary, although he may say it is not necessary in his own district; in fact, salt is more necessary and in ampler quantities than at the present moment.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: No. I admit, of course,

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. The Honourable Member cannot make a speech by way of an interruption. He will have his turn.

Mr. Amar Nath Dutt: Sir, even the case of Hissar did not awaken any sympathy in the heart of my Honourable and gallant friend (*Mr. S. C. Mitra*: "and learned friend"), yes and my learned friend, though the qualities of learning and gallantry are qualities which are hardly found together, especially in the cases I have in mind. (Laughter.) Be that as it may, I submit, that though the reduction of the salt duty down to 12 annas may bring about a little deficit in the finances of the country, I think none of us on this side of the House and I hope none on the other side also will grudge the Honourable Member finding out any other sources of revenue that he may be pleased to find in order to have a balanced Budget.

Sir, I would once more appeal to the Members of this House on behalf of the starving millions of this country and on behalf of the poor agriculturists who supply us with the daily necessities of life and also with our food to vote with me for the acceptance of my amendment and to reduce the salt duty to eight annas.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Motion moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

Mr. G. Morgan (Bengal: European): Mr. President, with reference to what has fallen from my Honourable friend, Mr. Amar Nath Dutt, I should like to draw attention to one remark which he made while quoting from some book. He said that this salt tax should be so used that it can be increased in case of any emergency. Now, Sir, his amendment means a loss to the Exchequer of something like four crores of rupees and an increase of one anna, which I should have very much liked to have moved as an amendment, had it been possible, would have meant nearly 170 lakhs to the credit side of the Budget, which would have made us all very happy and would hardly be felt by anyone. But, unfortunately, that was not done, as I do not think I would have obtained the necessary sanction. But the idea of reducing the salt tax at the present moment to the extent of four crores of rupees is, on the face of it, absurd, and is certainly not commensurate with the benefits which my Honourable friend claims would accrue. I would also like to mention to my Honourable friend that I do not remember his present arguments being put forward when the additional salt duty which fell entirely on Bengal and Bihar and Orissa was being discussed. I think I went almost alone into the lobby against the Bill. I hope his ideas have now changed. I have nothing more to say on this amendment. It is useless on the face of it, and the loss to the Exchequer would be out of all proportion to any benefit which might accrue. I, therefore, oppose the amendment.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: Sir, I will only take a minute or two of the House with reference to the remarks that fell from the lips of the Honourable the Mover, Mr. Amar Nath Dutt. He referred to the condition of the poor peasants in the district of Hissar. I am grateful to him to his reference to that famine-stricken area and I may tell him and tell this House that it is not the salt duty that is troubling them, it is much more than that. They have no food either for human beings or for cattle and, at the present moment, people in the district of Hissar are flocking in thousands to famine works that have been opened by the Punjab Government on a paltry sum of three pice to one anna per day for digging the earth. I am grateful to him for referring to that, but I can assure him that if he on some off day will care to have a look at their grievances and to find out what relief this remission of salt duty could give them, they will all with one voice say that this remission of salt duty will not make any difference to them. Salt is such a small item in their list of expenses that it makes no difference to the Hissar peasants or for the matter of that, to any of the Punjab peasants. Of course, the Honourable Member did not refer to his own province. In his own province, it must make some difference to the tenants where I have heard that big landlords realise something like Rs. 75 per acre from their tenants.

Mr. Amar Nath Dutt: What is the authority to show that landlords get Rs. 75 per acre?

Hony. Captain Rao Bahadur Chaudhri Lal Chand: I was told so by a friend of mine from Bengal. I have no personal knowledge of that province. I daresay that hearsay evidence is also relevant in some cases. I was told that some of the Bengal landlords realise as much as Rs. 75 per acre from their tenants and give nothing to those tenants to subsist upon. Of course, to them it will make some difference. I was expecting my friend, Mr. Amar Nath Dutt, to make some constructive proposal in order to meet the deficit. Since he has not made any such suggestion, may I suggest one which will not create any hardship to him or to any of the poorest classes. That proposal is that the minimum taxable limit for income tax purposes be brought down to Rs. 500. By doing so, the poor people will not be taxed, but the middle class people will be taxed who can bear this burden. If he agrees to this suggestion, then we can both unite and approach Government to remit this tax.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): I feel, Sir, that this question of salt is being very lightly treated in this House today. Year in and year out, in season and out of season, this question of salt tax has very much attracted the attention of the public and of this House. Sir, I must submit that this salt tax is considered not only by me, but by a very high authority, as a blemish and a reproach upon India. Sir, I should like at once to support myself by giving a quotation from the speech of Mr. MacDonald, the present Premier, which he made some years ago. Those words will speak for themselves how this tax is considered by even very high authorities. These words are printed in the debates of this House of 1929, Volume III, page 2810. He said:

"The salt tax has been long regarded as a blemish on our Indian fiscal system. The salt tax is exaction and oppression and if the people understood it, it would only bring discontent."

Sir, I think I am right in saying that the country has undergone great discontent because of this salt tax. It was due to this salt tax that the present civil disobedience movement and the Satyagraha movement were brought about. Briefly put, there have been protests against this salt tax ever since it was imposed and, from time to time, there have been protests, and the history shows that the House has at times succeeded in throwing out this salt tax altogether which, however, had been restored by certification. I have certain figures from the year 1915-16. In 1915-16, the tax imposed on salt amounted to Re. one per maund. This tax continued till 1921-22, and then it was raised to Rs. 1-4-0. In 1922-23, an agitation was made and this House threw out the whole tax. But unfortunately Members are not supposed to be responsible at present and, therefore, by certification this tax was reimposed.

Sir, in 1929, again, an effort was made to abolish it, but it was then only reduced to one rupee. Next, in 1930, it was raised to Rs. 1-4-0. Then came the time in 1931 when, as this House and the public know, insult was added to the injury and a surcharge was put upon it to make it Rs. 1-9-0 in all, which is the duty now. I submit that this is the tax which is absolutely unjustifiable. Salt is made in India and it cannot possibly be understood why there should be a tax on its production in India when poor as well as rich people consume this salt as a necessity of life. Sir, the imposition of this tax in 1931 with a surcharge led to the civil disobedience movement and all know that Mahatma Gandhi went to Dandi to make his own salt. The effects of this civil disobedience movement are still in evidence. If Government claim that they have put that down, at any rate they have not crushed it. Therefore it is wise that this tax which is a poor man's tax as well as that of the rich should not be continued. It will be argued now-a-days that because there is a deficit Budget, this tax cannot be done away with. That is no argument at all; that would apply to any tax and then there can be no question of reducing any tax whatsoever.

Then, Sir, connected with this tax there is also another question which I must refer to and on which I will speak on Monday when that Bill with regard to giving protection to salt is taken up. This excise duty has some bearing on the protection question which the House will consider for the Indian industry. I, therefore, would be justified to refer to it. In my constituency, Sind, the merchants of Karachi and the producers of salt there have wired to me saying that the protection which is now given to the Indian manufacturer with regard to this salt which is at present four annas and six pies against foreign salt should be maintained. On account of new foreign salt works companies having started salt manufacture in Italian ports, the Indian salt producers are very much affected by its import, and, therefore, they have asked that there should be more protection given to them. What I submit is that if the protection is continued, it will substantially support the Indian industry and, if this excise duty is reduced, it will go to help the consumer. On that point I will put the case on Monday, because at present we are told that there is actually this question considered by a Committee whose report will be placed before us soon. I think, therefore, it will now be premature for me to put forward facts and figures justifying that my constituency is entitled to protection. At any rate, there should be no reduction in the protection which they have been given as it will be a suicidal policy to reduce it

[Mr. Lalchand Navalrai.]

because we will then be stultifying ourselves, since we want the Indian industries to grow and develop. It will be an absolutely retrograde process to do away with the protection. The Indian salt industry is in its growth and people are trying to have more manufacture of it in India. I know that Bengal and Bihar want that the protection should be reduced; but I must remind them that it is Bengal which had the credit of and responsibility for bringing Swadeshism into India. If they say now that there will be no protection to the Swadeshi article made in India, they will be simply laying themselves open to a reproach.

Then, Sir, coming back to the question of this revenue tax on salt I do feel that it should be removed altogether. But if not abolished wholly as other amendments are being moved, it should at least be reduced considerably. To say that there will be no reduction at all is absolutely unreasonable. Sir, I support this motion.

Mr. O. C. Biswas: Sir, I am glad that my friends here today are up in arms against the salt duty. I wish they had extended a little of that sympathy to Bengal and Bihar, when two years ago I had the misfortune, almost in a hopeless minority, from my seat in this House to enter my protest against the imposition of an additional duty on salt consumed in these two provinces. My friend who just now spoke before me was no doubt feeling somewhat uncomfortable in his own mind when he was pleading for the abolition of the salt duty, because he knew very well what his attitude and the attitude of some of his friends was on that occasion in 1931. That is why by way of an apology he went on to defend . . .

Mr. Lalchand Navalrai: Sir, on a point of personal explanation, I was not here in 1931.

Mr. O. C. Biswas: I am sorry my friend was not here, but others in his place had taken up the same attitude, and it makes no difference, because my friend has left us in no doubt whatsoever as to what his attitude in regard to Bengal and Bihar will be on Monday next. He has told us quite frankly that he is going to plead for a continuance of the additional duty on salt. I can assume, therefore, that if he were here in 1931, he would have done exactly the same. My friend wants to distinguish that duty, on the ground that it is a protective duty. But, Sir, if the manufacturer of Indian salt requires protection, may I ask my friend and those who are of his way of thinking, why the protection should be at the cost of only Bengal and Bihar? Why will not my friends join with me in asking for the grant of a bounty which will come out of the Central revenues? Why should not be the whole of India give protection, if it is a question of protecting an Indian industry? But no; Bengal and Bihar must be bled for the rest of India! When I say this, I do not for one moment justify the existence of this salt duty of Rs. 1-4-0 *plus* the surcharge. As I had occasion to point out in my note of dissent in 1931, the salt duty should be taken off altogether. If Government are genuine in their concern for the promotion of the salt industry of India, it is up to them to remove this tax altogether. But, if the salt duty was to be raised in Bengal and Bihar, why could it not be raised for the rest of India as

as a whole, especially when they wanted more revenue? No, on political grounds the salt duty was sacrosanct. They dare not raise the duty even for the sake of revenue, but they have had no hesitation in saddling Bengal and Bihar only with the additional imposition. Sir, I join with my Honourable friends that salt should be free of duty altogether. No doubt, we are in very difficult times financially, and Government have got to find the money to fill the gap in their Budget. All the same, Sir, if it is possible to lighten the poor man's burden, nothing ought to be left undone which may achieve that result. If, on the other hand, revenue is the sole concern, then it is only fair that the burden of such revenue from salt should be distributed evenly over all the provinces of India.

Mr. Muhammad Muazzam Sahib Bahadur (North Madras: Muhammadan): Sir, I am afraid I shall have to take the amendment of my friend, Mr. Amar Nath Dutt, with a grain of salt. (Laughter.) I entirely agree in the view taken by my Honourable friend when he said that the imposition of any duty should be completely removed, as salt is an article of daily consumption quite as much for the poor as for the rich. But, on the other hand, I do not feel that any useful purpose would be served, situated as we are facing a deficit Budget, by trying to reduce the existing duty imposed on salt and the duty on the surcharge. As a matter of fact, of all the amendments which have been proposed, this one of Mr. Amar Nath Dutt's is the most effective amendment, but my contention is that if the effect of any reduction in the duty now existing on salt will be to create a deficit of about 4½ crores, as stated by my Honourable friend, Mr. Morgan, then, I think, that he would not be justified to press his amendment.

The Honourable Sir George Schuster: Sir, I am sure that my Honourable friend, Mr. Amar Nath Dutt, who moved this amendment will realise that I sympathise with his desire to help the poor, and I am sure that he on his part also sympathises with my desire to preserve a balanced Budget. He and I have had many exchanges on this important question and I had occasion to think as I listened to his speech that he and I might adopt the procedure of saying to each other: "Please see my speech in the Legislative Assembly on the 7th March, 1931",—or indeed we might go even further back than that. In that way we might save the time of the House. My simple and effective answer is that in this case, as in the case of the earlier amendment, we cannot afford to do anything but to oppose it. It means a loss of 492 lakhs, and I think it must be obvious to everybody who has followed the course of the debate that a gap of that kind could not be filled. Therefore, on these grounds I must oppose my Honourable friend's amendment, and I reserve anything that is to be said on the additional duty on salt to the proper occasion for discussing that subject.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

The motion was negatived.

Mr. Amar Nath Dutt: Sir, if I failed in succeeding to carry my amendment No. 6 to reduce the salt tax to eight annas, that does not prevent me from moving my amendment:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'twelve annas' be substituted."

This amendment reduces the salt duty to twelve annas. I know also that this will, as Mr. Morgan has said, give us a deficit, though less than 4½ crores—it will be about three crores—and, if that be the argument, I can well foresee what would be the fate of this amendment. But it may be asked, then, why do I persist in moving amendments which will not be carried in the House and which are sure to be negatived. Sir, I beg to submit that the reasons are very clear. It is in the interest of the poor people that we have to do our best, whether we succeed or not, we have to do our best and fight the battle. Sir, our religion and philosophy teach us not to care for the fruits of our struggle, but to go on doing our duty—viz.:

"Karmanyeva Adhikarasto Ma Paleshu Kadachan"

—and we have a right to try to convince the Treasury Benches about the justice of our claim. Sir, we are really grateful to the Honourable the Finance Member for the sympathy which he always has shown to relieve the burdens of taxation and we also appreciate his keen desire to give us the relief if it was possible, but he has, I submit, omitted one way of looking at things, i.e., to get some of our leaders together and consult them on these matters, viz., which taxes will tell heavily on the poor and which taxes can be borne, and then to give the Honourable the Finance Member an idea of a sum which will not bring his Budget to a deficit, but will leave a little surplus. He has not done so. I am obliged to say that we have no other alternative, in spite of his sympathies in this matter, to move our amendments and see whether or not it makes an impression on them or on the House for the matter of that.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Motion moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'twelve annas' be substituted."

Hon. Captain Rao Bahadur Chaudhri Lal Chand: Sir, as my Honourable friend, Mr. Amar Nath Dutt, is persisting, so I take him seriously, and I may point out on behalf of the peasant that it is not the salt tax that is teasing them, but it is the salt policy of the Government with which they are affected and which needs revision. (Hear, hear.) Honourable Members will remember that formerly salt used to be manufactured in British India as well as in Indian States about the year 1879 or 1880. They used to manufacture huge quantities of salt, and people in those salt areas were very well-to-do. All those people who used to manufacture salt have been actually ruined at present both in British India as well as in the Rajputana States. So far as the States are concerned, the arrangement that Government arrived at with Indian Princes was that they should be given a fixed contribution annually from Government to supplement their own income, but not a pie was given to the poor manufacturers that used actually to manufacture salt. If anybody wants to make an inquiry, he may go to Bharatpur, Alwar, Dholpur and all these Rajputana States, and he will find that large areas used to be

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occupied by salt manufacturers and they have now been turned to jungles. Similarly Farukhnagar in the Gurgaon district, used to be a centre for salt manufacture and there too the people have suffered heavily. If that policy can be revised, it would be a relief to the poor peasant, but this salt tax is only a flea-bite; they do not mind it; whether the peasant purchases salt at 16 seers per rupee, or at 14 seers, if this is accepted, or at 18 seers for the matter of that, he does not mind. Salt is a very small item in their expenditure

Mr. Lalchand Navalrai: Has the flea ever bitten you?

Hony. Captain Rao Bahadur Chaudhri Lal Chand: I know more of the peasants; but, as I said the other day, it always pays my Honourable friends on that side to attack Government in the name of the poor people, in the name of the peasants, etc. (Interruption.) My submission is simply this: that if they are to be helped, the salt policy should be revised and the remission of a few annas will not help them at all.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I am really surprised to see my Honourable and learned friend attacking the salt policy of the Government and, at the same time, supporting the impost of Rs. 1-4-0 per maund. As I understand it, the salt policy of Government is dependent upon the heavy revenue they derive from the salt tax. If the salt tax is remitted altogether, there would be no salt policy of Government and then every person will be free to manufacture salt anywhere and everywhere he likes and any amount of salt can be imported from outside. But Government wish to derive a very large revenue from the manufacture of salt and, therefore, they have imposed this duty and, at the same time, in order to secure that revenue, they have formulated their policy. Now, my Honourable and gallant friend is against the policy and is in favour of the imposition of the salt tax. If one is to remain, the other cannot be removed, and, therefore, I may assure my friend that if the salt duty is to be retained, then the policy of the Government is all right in order to secure that amount of revenue, and, therefore, both are inseparable. I oppose both.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, I do not agree with my Honourable friend from the Punjab when he said that the salt tax did not press heavily upon the poorer classes of the people. In fact the salt tax presses upon the poorer classes much more heavily than on others, and the Indian National Congress in their earlier years made the abolition of the salt tax a prominent plank of their platform. I quite agree with my Honourable friend when he says that the salt policy of the Government is not in many respects sound. India is peculiarly a country which is capable of manufacturing an unlimited quantity of salt if the right course is pursued. India is surrounded on almost all sides by saltish seas: it has got salt lakes and it has a very salubrious climate with plenty of sunshine, and it has a climate under which salt could be manufactured to the best advantage in the interests of the country. But the policy pursued by the Government is not conducive to the accomplishment of that object. While the gates of India are flung wide open to the import of salt from all countries in the West, I regret to say that salt, manufactured in Indian States, in Indian India, is not allowed to enter in all ports of British India.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: Indian States are not allowed.

Mr. Gaya Prasad Singh: That is just what I am saying: that is the point that Indian States are not allowed to import salt into all parts of British India, on the same terms as salt from foreign countries.

Hony. Captain Rao Bahadur Chaudhri Lal Chand: They are not allowed to manufacture even.

Mr. Gaya Prasad Singh: A few years back I had occasion to visit Kathiawar and visited the salt works at Port Okha and Kuda, situated in Kathiawar, and I was surprised to learn that salt manufactured in those places was not allowed to enter into all parts of this country. Salt manufactured in those places is, I understand, allowed only into distant Burma and Bengal where it is not economical to sell or import it. I brought this matter to the notice of my Honourable friend, the Finance Member, if he remembers it, both in the Standing Finance Committee and also on the floor of the House, and my friend promised to look into the matter. Thereafter, I understand, this rule imposing a ban on the import of salt from Kathiawar, for instance into parts of Bihar and United Provinces, has to some extent been removed, and that was also due at least partially to the fact that about a couple of years back there was a flood at Khewra which washed away a large quantity of salt, and it was, therefore, necessary to relax that ban and to allow salt from Kathiawar to be imported into some of those parts where it was not imported before.

There is one little matter which was pressing very hard upon a class of poor people of this country—I mean the Luniyas. These in the past had been allowed to manufacture salt on payment of four annas per year as licence-fee, and they used to get a certificate from any post office that was near to their homes. But, later on, this fee was raised to two rupees per year, and it was also stipulated that this money should be deposited in the treasury at the district headquarters. That was, I submit, a narrow and short-sighted policy and it resulted in killing the saltpetre industry of this country. Later on, I brought this matter also to the notice of the Government and of my friend, the Honourable the Finance Member. I am speaking just now on the spur of the moment without looking up references, and, if I am wrong in any of my statements, I hope my Honourable friend will correct me. But he was pleased to look up the matter and revert to the old practice, namely, a licence-fee of four annas for the Luniyas, and the licence was to be issued by the post office. For instance, in a place like Orissa which is peculiarly appropriate for the production and manufacture of salt, and where we have now to depend mostly upon supply from outside sources, the imposition of the salt duty has, to a certain extent, killed the salt industry of the country. But most of the salt manufactured in Aden is manufactured by some Italian concerns. There are two or three other concerns somewhere in that locality and the profits go to foreign countries, while the import duty imposes an undue burden upon the consumers in my province and in Bengal. Therefore, I would seriously ask the Government to revise their salt policy and to remedy whatever defect there may be in that policy.

I quite realise that the salt duty, if it is lowered, will bring about a serious situation in the budgetary position of the Government of India, but if this is not the proper time to do it, I hope that the earliest opportunity will be taken to lower the salt duty and to revise the salt policy of the Government.

Pandit Rām Krishna Jha (Darbhanga *cum* Saran: Non-Muham-madan): Sir, it comes to me as a surprise that my Honourable friend should say that the reduction of salt duty from Rs. 1-4-0, to Rs. 0-12-0 will not mean any relief to the poor people. Perhaps my Honourable friend has not studied the condition of the poor labourers in the villages, nor, as my friend put it, is salt a very small item in their daily expenses. Now, what other expenses have they got? They have to buy salt out of their wages which is barely three seers of grain, as a crushing necessity. They have hardly left much to spend for luxuries, and it is a surprise to me that my friend should say that salt is a most insignificant item in the expenses of the poor. I submit that the reduction of the duty from Rs. 1-4-0 to twelve annas will afford considerable relief to the poor. What else have they left to spend on? They get barely one anna a day as wage, and, out of that small sum, they have to buy salt along with other absolute necessities for bare existence, and no butter and no loaf can they expect. My friend has evidently no idea of the adversities of the poor people.

As regards the Luniya class of people of our parts, Mr. Gaya Prasad Singh is quite correct that the salt industry is completely killed, and those families have been completely ruined. I submit that it is high time that the Government revised their salt policy, and I wholeheartedly support my friend's amendment.

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

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

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muham-madan Urban): My excuse for intervening in this debate is that large questions of policy have been incidentally raised and questions which are of a very intricate and complex nature. My Honourable friend, Captain Lal Chand, raised the question of the grievances of the Indian States or of the subjects of Indian States with reference to the manufacture and sale of salt, and he was supported by my Honourable friend to my right, Mr. Gaya Prasad Singh. I should have thought that the Indian States could take care of themselves and they had an agency which was organised for the purpose of taking care of individual States and of States collectively.

As these questions have been raised on the floor of the House, I feel it my duty to explain the position a little more clearly—the position which has been very much elucidated by the elaborate investigation and enquiry of the Committee which was presided over by the Right Honourable Mr. Davidson. It is obvious to any one that if salt is to be a source of central revenue and if the British Indian Exchequer should derive the

[Diwan Bahadur A. Ramaswami Mudaliar.]

full benefit of that tax, there ought to be no opportunity for the influx into British India of salt manufactured by any other agency in India and not controlled by the Government of India.

If you go into the history of the salt tax, you will find that a tax on salt has been levied from immemorial times almost, that it was certainly levied, as a matter of historical fact, by the Mughal Emperors, and that the British Government inherited that wise or vicious power of taxing salt, whatever one may call it. At a very early stage, the East India Company found that the manufacture of salt by several Indian States and their importation into British India seriously jeopardised the revenues which they claimed or they were expecting from the salt taxation in British India. Therefore, by various agreements made—in some instances as early as the latter part of the eighteenth century, over 150 years ago—certain States gave up the right of salt manufacture and received compensation. These agreements were continued to be made from time to time by the East India Company with reference to Indian States, the East India Company acquiring the monopoly of salt manufacture, precluding individual States from manufacturing salt, and giving them compensation by way of money. In 1869, it was found that there were several States which did not come within the agreements, and either earlier than that date,—I believe it was earlier,—or at any rate, in 1869, there was a cordon from the river Indus down to the southernmost part of the Central Provinces whereby salt producing States in Rajputana, in Central India, Bahawalpur to which specific reference was made by my Honourable friend, the States of Kathiawar, and Cutch were prevented from sending into British India any salt which they were manufacturing. That cordon is calculated to have been of the length of nearly 2,500 miles. The Government of India at that time had to engage about 12,500 superior and subordinate officers and menials to prevent the importation of this salt at a cost of something like Rs. 15 lakhs. In 1869, the Government of India, faced with this fact, and with the enormous amount of expenditure that was involved in preventing the illicit importation of salt from Indian States, further strengthened their policy of coming into individual agreements with States, and many Indian States from that year up to the year 1880 or 1885 came into these agreements. There were a few States which did not come into these agreements, and as a specific reference has been made to the Kathiawar States by my Honourable friend, Mr. Gaya Prasad Singh, and to the port of Okha, I should like to explain the position. By 1885, practically all the States had come into some sort of agreement. Travancore and Cochin, the southernmost maritime States, which had a long sea-board and exceptional facilities for the manufacture of salt came into an agreement in a different way. The consideration of the British Government was that their revenue should not be jeopardised and, therefore, it was agreed that though the States of Travancore and Cochin would have the right of manufacturing salt they would sell it at the same price as the British Indian salt, so that there was no danger of incursion into British India of salt manufactured either in Travancore or Cochin. There were other minor points in the agreement which need not be referred to now in considering the present issue. With reference to the States of Kathiawar the position was different. They would not come into any agreement at all and, therefore, the Government had to establish a cordon again. The Government said that Kathiawar States cannot send any of

the salts manufactured in their areas into British India, and it was right that they said so, because otherwise the revenues of British India would be seriously affected. They did not come into line by selling at the rates at which it was sold in British India. Therefore, there is no grievance so far as the Kathiawar States are concerned, whether Nawanagar, or Porbander, or the State which is associated with the honoured name of my friend, Sir Prabhashanker Pattani, Bhavnagar, or any of the other States, because they can manufacture salt as freely as they can for the consumption of the people of their States with or without duty levied by the States. The only thing that has been prohibited is the entry of that salt into British India. Even there the Government of India who, in my opinion, are more anxious to placate the Indian States than to safeguard the interests of British India, in some cases made an exception with reference to a kind of salt that was manufactured by the Kathiawar States. Those States could manufacture salt which is so hungrily consumed by my Honourable friends from Assam, Bengal, and Bihar and Orissa, and for their sake the British Indian Government said that the Kathiawar States could ship salt into the Calcutta port and, at the port of destination, the duty was levied on that salt similar to the duty which is collected on salt which is produced in British India. It is under that agreement that the Kathiawar States now ship salt only to the Calcutta port. They cannot send it either by sea to any other port, or by land to any other place in British India. I fail to see where the grievance comes in over which my Honourable friend, Captain Lal Chand, enthused a little while ago. If the salt factories are closed, they had been closed before the memory of any living man in this House, so far as many States were concerned certainly most of them were closed more than fifty years ago. Compensations have been given to various State rulers for the loss which they had suffered. In many cases it comes to lakhs of rupees and in certain cases it comes to tens of thousands of rupees. It may be that the compensation, calculated on the present basis, may be slightly higher or even substantially higher than the compensation paid then, but it is just as if my Honourable friend, Captain Lal Chand, sold a house of his 20 years ago in his district for Rs. 10,000 and said, "What a pity that I sold it then! If I had sold it now, I would have got Rs. 30,000."

Hon. Captain Rao Bahadur Chaudhri Lal Chand: With your permission, I should like to say this. I did not mean to say that the States suffered. I meant that the peasants, who actually manufactured salt, the poor peasants suffered. Water in the wells is brackish and it is only useful for manufacturing salt. They have all been ruined.

Diwan Bahadur A. Ramaswami Mudaliar: I thought I had explained that in many cases they had been closed more than fifty years ago, but since my Honourable friend has specifically raised this issue again, I should like to bring one consideration more to the notice of the House. The manufacture of salt is not as simple as it at first sight seems. There are various tests conducted by efficient officers of the Department—brine tests as they are called, and it is not as if by merely exposing salt water to solar rays you could manufacture salt, because, if that is so, it would be poisonous salt and not good, healthy, edible salt at all. In many States there were no regulations, there was no supervision, there was no control, and salt, mixed with earth, and positively atrociously bad, was being

[**Diwan Bahadur A. Ramaswami Mudaliar.**]

consumed in those places, and that was one of the reasons why the Government of India stepped in, acquired this monopoly of manufacturing salt and prevented areas in the States from manufacturing salt and closed down those works. This question was examined very carefully, as I said, by the Davidson Committee report and, in view of the fact that salt is a Federal subject, the whole issue is under consideration again. If the States come into the Federation, this is one of the difficulties that would be automatically solved. We need have no cordons of any kind, nor an expert staff which will examine how much salt is dumped into British India, and so

Hony. Captain Rao Bahadur Chaudhri Lal Chand: Is there any authority to show that there was poison in that salt and people used to die?

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend can always get sources of information from the quarter which nominates him. I am sure, if my Honourable friend reads the volumes relating to the Administration of the Salt Department in the early eighties and nineties, he would get all the information he wants on this subject. I intervene in this debate only to show that this is not one of those questions in which we can afford to find fault with the Government of India, because if the Government of India have acted at all in this matter, they have acted in the interests of British India. Our complaint would rather have been that they give too lavish a sum from time to time as compensation to the various States and that these compensations were not justified. That has been our experience in various other matters where the question of immunities and compensations arise between the States and the Government of India, where the Government of India have not followed a uniform policy and, if I had to speak at all on this subject, I would have spoken in the direction of finding fault with the Government for having been too lavish. Incidentally I should like to state, in answer to some of my friends who do not see the wisdom of an all-India Federation, that these and like questions regarding customs and many other problems which would become absolutely insoluble if States and British India worked in water tight compartments could only be solved by Federation and, it is on account of these considerations, that we believe that in an all-India Federation lies the true solution of the Indian problems.

The Honourable Sir George Schuster: I am sure, we are all very much indebted to my Honourable friend who has just spoken for his extremely lucid and interesting account of a matter which is of some importance. I am afraid, however, that I myself am not free to choose the most interesting aspects of this matter and I think it is high time that Mr. Amar Nath Dutt and I got down to the strict business before the House which is the question as to whether the salt duty is to be reduced. As to that, all I can do is to repeat the objections which I raised to my Honourable friend's former motion, with 66 per cent. of their former strength, because my Honourable friend's present motion would only reduce our revenue by 328 lakhs as compared with the 492 lakhs of his former motion. I am afraid, I can see no way of finding this 328 lakhs. I do not know whether my Honourable friend is going down the decreasing scale of his amendments,

but I would remind him that he is coming very near the error which he himself pointed out in his opening speech that if any reduction in the salt tax is to be made which is to have any sort of value to the retail consumer, it must be a substantial reduction. I suggest that he is getting very near the limit from that point of view, though, as regards the effects on revenue, the reduction would be very substantial and embarrassing. I oppose the amendment.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is :

“That in clause 2 of the Bill, for the words ‘one rupee and four annas’ the words ‘twelve annas’ be substituted.”

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I move :

“That in clause 2 of the Bill, the words ‘and four annas’ be omitted.”

The amendment will mean that the tax will be reduced from Rs. 1-4-0 to rupee one. The Finance Member had said that the Budget is a balanced Budget. If that is so, I suggest that by accepting this amendment the Budget will not be affected very much. It will remain a balanced Budget. You will see in the Explanatory Memorandum on page 10 that the increases of revenue have been much more in the actuals than in the estimates. In 1931-32, the revised estimate was 8.48 lakhs of rupees, while the actuals were 8.58 lakhs of rupees. In 1932-33, the estimate was 9.44 lakhs of rupees while the actuals were 10.38 lakhs of rupees. I say, therefore, there is no ground for them to expect a less amount this year. They have expected this year 8.75 lakhs. The Honourable the Finance Member has not mentioned what is the reason for this amount to be decreased.

The Honourable Sir George Schuster: I do not want to interrupt my Honourable friend, but I think I mentioned three times in my speech the reason why there was this decrease.

Mr. M. Maswood Ahmad: I am sorry, I could not follow. I shall be very glad to hear the reasons again even if it is the fourth or fifth time. If the public will consume the same amount of salt and the duty is the same, then the amount of revenue must be the same, and, by this motion, I ask the Government to reduce one fifth of the total. I have said that the revised estimate was larger than the original estimate and the actuals were larger than the revised estimate. So there is good reason for reducing the tax to rupee one. Also, Sir, I say that the Government of India must change their policy. Their present policy has affected Bihar very much and many Luniyas have stopped the work of preparing the salt. During the Mughal reign, Bihar was supplying salt to other provinces. Apart from this, I will say that the public is feeling it very much. I do not agree with my friend, Captain Lal Chand, that, whether it is 16 seers or 14 seers, the public will not feel it very much. I say, the public certainly will feel it, though my friend may not feel it. I remember a story, Sir, that a king once in the time of famine, asked a barber: “What is the condition of the country?” He said that everyone in the country has got two guineas in his purse. But when he turned to the minister and the minister asked the barber to go out and see the country and when the barber was out, the

[Mr. M. Maswood Ahmad.]

the minister opened the barber's purse and there he found two guineas in the purse of the barber. The minister took away those guineas; and when the barber came back, the king asked him: "What is the condition of the country?" The barber, seeing his purse empty, replied: "Now the country is poor." So is the case with my friend, Captain Lal Chand. (Laughter.) Whether it is 16 seers to the rupee or 18 seers to the rupee, he does not mind, he thinks that the public do not feel it at all. Sir, I tell you, the public feel it and they feel it very much over this salt tax. They have filled the jails. They have lost their brothers and children. They have suffered *lathi* charges over this salt tax, and that is ample proof of our contention that they are feeling it very much. What more proof my friend wants? With these words, Sir, I move my amendment.

Mr. President (The Honourable Mr. R. K. Shanmukhan Chetty): Motion moved:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Mr. Amar Nath Dutt: Sir, if I rise, it is not to move my amendment No. 10, but in order to support the amendment which has now been moved by my Honourable friend, Mr. Maswood Ahmad.

Sir, the wording of this amendment is a little difficult and may give rise to some confusion in the minds of Honourable Members who have not perused the Finance Bill with care. But my amendment and his amendment are really one and the same. He puts it "by omitting four annas" from Rs. 1-4-0, and I say "let Rs. 1-4-0 be substituted by only one rupee".

Mr. Gaya Prasad Singh: He is getting the credit of moving an amendment.

Mr. Amar Nath Dutt: My friend says, he is getting the credit of moving an amendment, and I will also have the credit of supporting it. Be that as it may, I beg to submit that the reasons, which I at the outset gave in moving my first amendment, apply with greater force to this amendment. Sir, no doubt here also I shall be faced with the same statement that it will leave a deficit of about two crores or a little less. Sir, as I have already submitted, it is not our business to see whether there will be any deficit or not. It is our business to put before the House which tax the people can bear with impunity and over which tax there is always a protest by the people and their representatives. It has been said by my friend, Captain Lal Chand, that whether salt is sold at 16 seers to the rupee or at 18 seers does not make any difference. Sir, for members of the bar, who get a few hundred guineas only for a single Sessions case, I think it is impossible to appreciate what difference one pie even makes in the Budget of a poor man. So I am not at all surprised by his argument; on the other hand, I am thankful to him for having brought out the fact of the salt policy being, as he described it, at the root of all this misery. So, on this point, I find that he is with us and if he has felt that the salt policy of the Government is at fault, I think there will be no difficulty for him to support the object of minimising the evil underlying that policy. At least here is only a reduction of a few annas which will give some relief to the poor man for whom he speaks so often!

Sir, with one argument of his I am unable to agree and that is this. We often take up the name of the poor in order to attack the Government. Sir, we are not here to attack the Government: we are here almost on our knees on behalf of the poor people to beg of them to give some relief to them, that is not a humiliating position for those, the representatives of the people, who go on their knees with their begging bowls before the Treasury Benches. Sir, to do so on behalf of the poor, on behalf of the starving, on behalf of the down-trodden millions of this country is no humiliation, but, on the contrary, it is ennobling, it is elevating. (Hear, hear.) Sir, it is no attack upon the Government to say that you can have your Budget balanced by any other means you like. No doubt if you wanted to consult us and our Leader, as he is ready for co-operation, no doubt we may have found out ways and means, but you have not asked us to help you. It is thus our business only to show that we are under the thralldom of a crushing burden of taxation which the people cannot any longer bear, and, therefore, any little amount of relief that you may be pleased to give us will be acceptable to us. Sir, I warn the Treasury Benches, it is no good taking money from the pockets of the very poorest and then squandering that on the extravagant salaries of the officers of the Government. What we say may not be palatable to some, but I think we are not here to see whether our suggestions are palatable to anybody or not; we are here to advocate the cause of the poor. Sir, the argument that I have already adduced, when I moved my first amendment for the reduction of the duty to eight annas, I consider, is a fair and reasonable one, in view of the fact that the manufacture of a maund of salt works at about an anna and a half and the establishment and other charges would bring it up to about four annas, and, so, if my friend had accepted the reduction to eight annas, there would still have been left from the poor man's food a four annas' profit for the Government; and I think that while the tax no doubt is in the nature of a poll tax, which may be characterised even as an *Anglo-Jezia* inflicted on India, it would have been better if they were satisfied with an eight annas or even twelve annas duty. But, as they are not satisfied with that, I once more support the plea of reducing it to at least one rupee. With these words, Sir, I support the motion of my Honourable friend.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I assure my Honourable friends, the Mover and the supporter of this cut, that I have as much sympathy for the poor people of this country as they have. If I rise to oppose this motion, it is not because I have no sympathy with the poor man in India. But really I think a reduction of four annas in a maund will not at all help the poor man; on the contrary, it will go only to help the middleman, who always profiteers by such arrangements. Sir, my learned friend, the Mover of the motion, said that there was a surplus Budget and that, therefore, this small cut should be allowed.

Mr. M. Maswood Ahmad: I did not say that this Budget was a surplus Budget. I did not say that.

Sir Muhammad Yakub: Well, if there is no surplus Budget, then I would submit that after passing the expenditure programme unchallenged, my friend has no right constitutionally to refuse the revenue. On the other

[Sir Muhammad Yakub.]

hand, I submit that even if there is a small surplus in the Budget of the country, that surplus amount can better be utilized by restoring the cuts from the grants for educational institutions in the country.

While I was making general remarks on the Budget, I made it quite clear that the Government of India were spending very little money on education and that, even from that amount, they had made a cut of ten per cent. I submitted, on behalf of the Aligarh Muslim University, that for want of funds that University was badly suffering; they had already opened a new Science College which required a large sum for recurring expenses. I also submitted that the Aligarh University had to face a deficit Budget. Therefore, I submit, that even if there is a surplus Budget, then by reducing four annas per maund in the excise duty of the salt, my learned friends will not help the poor man. I again repeat that this sum of four annas will not reduce the price of salt by a single pie; on the other hand, this will go to the middleman. But, if this small surplus is spent on the educational institutions of the country, it would help the education of the country. In this way, I think, the surplus would be better utilised than by reducing the excise duty on salt. For these reasons, I oppose this cut.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Sir, I feel that some relief is very badly called for in the interests of the poor peasantry and this amendment, unlike the last ones, is quite a reasonable one, because it provides Government with a sufficient amount of revenue and gives a decent percentage of relief to the peasantry at the same time. The peasants in the villages get their grain for bread by cultivating the land; they grow cotton and get their *khaddar* made in the village industry. The only article of necessity which they have to buy is probably salt or pepper to take their food with. In this period of financial depression, I think it is our duty to provide some relief for them, so that they may pay a little less than what they are paying now on articles which they must of necessity buy. I have no doubt that my Honourable friend, Sir George Schuster, will be as sweet and polite as well as responsible to the needs of the peasantry as he has been to the Civil Services for whom he has provided a relief of five per cent by way of reducing the temporary reduction in their salaries. There is another difficulty which has come to my mind. Whenever Government give relief in the salt duty, the Provincial Governments—at least in the Punjab it once happened—realise almost the same amount or perhaps more by increasing the land revenue. Whenever the Government of India ask for provincial contributions and the Local Governments suffer in their revenue, they always try to make the financial deficit by raising the land revenue. Be that as it may, I feel that it is our duty to the masses in the country, especially in view of the fact that we are expecting a new Constitution in the near future and adult franchise following it that we must give them some relief in these very bad times and reduce the salt duty from Rs. 1-4-0 to Re. one, so that they should have a reasonable relief without the Government suffering much by way of a loss in their revenue. With these few words, I commend the amendment for the acceptance of the House.

Hon. Captain Rao Bahadur Chaudhari Lal Chand: Sir, I had no idea of intervening in this debate further, but it seems to me that my Honourable friends on my right seem to think that I am the author of

this salt tax. The position is simply this. Up to this time, my Honourable friends had been discussing the economic side of the problem. They had been appealing in the name of the poor agriculturist or the poor man in the street on the basis of economy in his expenditure. But now the cat is out of the bag. My Honourable friend, Mr. Maswood Ahmad, has referred to the *lathi* charges in reference to this tax. The history of those *lathi* charges is fresh in our minds and I need not repeat it. All that I would say to my Honourable friends is that, instead of appealing in the name of the poor agriculturist, they ought to have had the courage of their convictions and ought to have attacked this tax on political grounds. That would have been more honourable and more straightforward. (Mr. Lalchand Navarai: "Would you have then helped?") If I had thought that that was the proper thing to do, I would have helped them. But I find that it was nothing more than the exploitation of the masses. I would not allow the illiterate and the ignorant people of the villages to be exploited by the more intelligent section of the population for political purposes and, therefore, I cannot hold out any hopes of supporting such a political measure in the future also. Sir, I never meant that the salt tax, however high it might be, will not affect anybody. My submission was simply this that this tax, even if remitted *in toto*, was not likely to affect the expenditure of the poor man in any way. It was a small item in his expenditure. Therefore, I submitted that it would be a heavy loss to Government, heavy loss to the public revenues, if this remission were accepted which would not be welcome as a boon by anybody. Of course, now the issue is plain, and my friends are quite welcome to fight the issue on political grounds.

U Kyaw Myint (Burma: Non-European): Sir, I feel I have got to answer the Honourable speaker who has just sat down, although I had formed the impression, at any rate since yesterday morning, that both he and I belong to the martial races. Sir, I do not know the personal history of my Honourable friend, Captain Lal Chand, except so far as I have seen it in this House. But seeing that he is an Honourable, learned and gallant Member of this House, I am prepared to presume that he rendered meritorious service during the War, as befits a member of one of the martial races of India. But when he becomes before our very eyes—not a champion of the martial races, not a champion of another class of persons in India whom he has often referred to as the agricultural community (I must apologise to him for not having really remembered the actual phrase he used: I think he was talking of a class of persons who have their source of income in agriculture) when today, or rather within the last few minutes, he has come forward, not as a champion of anybody but as an accuser of Honourable Members on this side of the House—he accuses them of exploitation of the masses on political grounds, the evidence before him being the speeches they have made in support of this particular motion now being debated upon—I can hardly allow my Honourable and learned friend to go unchallenged. After all, if he is a lawyer, I am another. And if he rendered any meritorious service during the War, I too rendered some service, although it may not have been as meritorious as his. I achieved the dignity of becoming a Lance-Corporal in an Anglo-Indian regiment, under an assumed name. (Laughter.) You will be interested to hear, Sir, that I am a martial person, or that, at any rate, I was a martial person in the year 1917.

Hon. Captain Rao Bahadur Chaudhri Lal Chand: I do not deny that you belong to a martial class.

U Kyaw Myint: Then I have proved one portion of my case, any way. (Laughter.) Therefore if my Honourable friend is martial, I am equally martial; he admits that. If my Honourable friend is learned, I am equally learned, because I am a lawyer too. (Laughter.) Therefore, in the capacity of an equally Honourable, equally learned, and an equally gallant person, I challenge his statement as regards the exploitation of the masses by Honourable Members on this side of the House. (Interruption by an Honourable Member.) As usual, my Honourable friend, Mr. Mody, has chipped in. (An Honourable Member: "Mr. Mody is not here.") I thought I heard his dulcet voice. But somebody in an equally dulcet voice asked me if I was not equally patriotic. I do not know if my friend, Captain Lal Chand, is patriotic; I give him the benefit of the doubt. (Laughter.) I presume as befits a man who is trained in the law that he is as patriotic as myself until I see any evidence to the contrary. Sir, no man in this House if he makes a claim before us to patriotism can be challenged unless we have definite evidence to the contrary. Therefore in my judgment and on the evidence available before me Captain Lal Chand is as patriotic—if not more—as myself. Therefore, he and I are on an equal footing and I am entitled to answer him when he attacks Honourable Members on this side of the House about the exploitation of the masses, simply because they are supporting this motion. Whatever the ulterior motive may be, if such ulterior motive exists, they are now, by supporting this motion, trying to reduce taxation. Has my Honourable and learned and gallant friend got any evidence to prove that they are actuated by any ulterior motive? If so, I should like to hear him.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muham-madan Rural): Sir, the motion of my friend, Mr. Maswood Ahmad, is for reduction of the duty from Rs. 1-4-0 to Re. one. I should like to make it clear that the duty is not really Rs. 1-4-0, but with the surcharge it is Rs. 1-9-0, and if this motion is carried, really the surcharge portion will be excluded. Sir, even the Finance Member, in recommending the restoration of the five per cent. cut for the salaried officials, accepted that the emergency is not so acute now as it existed a year before; and, arguing from that standpoint, I say that if any concession is to be made to anybody and if the emergency has ceased to any extent, the poorest people in India certainly can claim some indulgence from the Finance Member. If this motion is accepted, they will still pay the duty of Rs. 1-4-0 including the surcharge; only five annas will be taken out. I do not know what exactly it will come to by strict calculation.

An Honourable Member: One crore and 15 lakhs.

Mr. S. O. Mitra: My Honourable friend says that it will be to the tune of a crore and 15 lakhs.

The Honourable Sir George Schuster: It is 164 lakhs.

Mr. S. O. Mitra: Here I shall follow the argument of my Leader, Sir Abdur Rahim, who said that it was possible for Government easily to retrench another two or three crores of rupees; and, if that is possible, it will be easy for the Finance Member, even keeping the Budget a balanced one to accept this proposal.

As regards Captain Lal Chand's argument that this amount does not form any considerable part of the poor man's budget, I can only tell him that even according to the figures supplied by the Finance Member, the

income of an average Indian is Rs. 80 per annum. Perhaps Captain Lal Chand thought that that was the monthly income, but he should remember that that was the yearly income. That comes to even less than Rs. seven a month, and being reduced to daily wages it comes to 3½ annas a day. And salt is not a thing which a man buys only occasionally like some of the luxuries that my friend, Captain Lal Chand, uses, but it has to be purchased even by the poorest man and on every occasion when he has to **take his food.** The poor men's food is not as luxurious as that of my Honourable and gallant friend, Captain Lal Chand; they merely take rice with a pinch of salt. And though it certainly does not matter in the case of the middle or the lower middle classes, for the poorest people in India who go on half-starvation for months together in a year, even this small amount affects a good deal; and it is misleading the House to say that it forms no part of the wage-earner's budget. On these grounds, I urge that if it is possible for the Finance Member to help the poor man in any way in these very strenuous times, it will be really a substantial help. It is not a mere political stunt, but even if this small amount is granted and the poor man gets his salt at a lower price, that will help him greatly. With these words, I support this motion.

The Honourable Sir George Schuster: Sir, I have very little to add to what I said in dealing with the earlier motions, but I must say a few words in order to clear the mind of my Honourable friend who moved this particular motion. He first of all complained that there was no explanation as to why our estimates for revenue from salt next year were reduced by 168 lakhs. I would call his attention to paragraph 63 of my Budget speech where I explained that this reduction was due to the termination of the temporary increase in receipts due to the abolition of the credit system. That, I think, is the clearest explanation. There are other passages both in my speech and in the Finance Secretary's memorandum where the same matter is dealt with.

Then, Sir, my Honourable friend took the estimates which we had framed and he pointed out that in past years our estimates had been exceeded and, therefore, argued that, even if we accepted the cut, the House could be quite sure that we should get as much revenue as we had budgeted for. Again, I would call my Honourable friend's attention to page 22 of the Finance Secretary's memorandum which explains that we have allowed in our estimates for next year for a consumption of salt exactly at the same level as that which we anticipate for the current year. I see no possible justification for anticipating any increase, and, therefore, Sir, I am afraid I cannot agree with my Honourable friend that we have been too conservative in our estimates. As regards the revenue effect of this measure, it would, as my Honourable friend, Mr. S. C. Mitra, has pointed out, mean a reduction of duty not from Rs. 1-4-0 to Re. one, but, taking the surcharge into account, a reduction of the duty from Rs. 1-9-0 by an amount of 5½ annas, because the surcharge would be correspondingly reduced. The total cost would be Rs. 164 lakhs. I am afraid, Sir, that is an amount which we cannot face and, therefore, I must oppose the motion.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, the words 'and four annas' be omitted".

The Assembly divided:

AYES—31.

Abdul Matin Chaudhury, Mr.
Aggarwal, Mr. Jagan Nath.
Abklesaria, Mr. N. N.
Bagla, Lala Rameshwar Prasad.
Biswas, Mr. C. C.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.
Gunjal, Mr. N. R.
Iera, Chaudhri.
Jadhav, Mr. B. V.
Jha, Pandit Ram Krishna.
Jog, Mr. S. G.
Krishnamachariar, Raja Bahadur G.
Kyaw Myint, U
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.

Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Parma Nand, Bhai.
Raghunir Singh, Kunwar.
Ranga Iyer, Mr. C. S.
Reddi, Mr. T. N. Ramakrishna.
Roy, Rai Bahadur Sukhraj.
Sant Singh, Sardar.
Sen, Mr. S. C.
Sen, Pandit Satyendra Nath.
Singh, Mr. Gaya Prasad.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Wajihuddin, Khan Bahadur Haji.

NOES—49.

Abdul Hye, Khan Bahadur Abul
Hasnat Muhammad.
Açott, Mr. A. S. V.
Ahmad Nawaz Khan, Major Nawab.
Allah Baksh Khan Tiwana, Khan
Bahadur Malik.
Amir Hussain, Khan Bahadur Saiyid.
Bajpai, Mr. G. S.
Bhore, The Honourable Sir Joseph.
Clow, Mr. A. G.
Delal, Dr. R. D.
Dutt, Mr. G. S.
Dutt, Mr. P. C.
Fox, Mr. H. B.
Gidney, Lieut.-Colonel Sir Henry.
Grant, Mr. C. F.
Gwynne, Mr. C. W.
Haig, The Honourable Sir Harry.
Hezlett, Mr. J.
Hudson, Sir Leslie.
Ismail Ali Khan, Kunwar Hajee.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar.
Lal Chand, Hony. Captain Rao
Bahadur Chaudhri.
Leach, Mr. A. G.
Mackenzie, Mr. R. T. H.

Metcalfe, Mr. H. A. F.
Millar, Mr. E. S.
Misra, Mr. B. N.
Mitchell, Mr. D. G.
Mitter, The Honourable Sir
Brojendra.
Moore, Mr. Arthur.
Morgan, Mr. G.
Mukherjee, Rai Bahadur S. O.
Nihal Singh, Sardar.
Noyce, The Honourable Sir Frank.
Rajah, Rao Bahadur M. C.
Rau, Mr. P. R.
Ryan, Sir Thomas.
Sarma, Mr. R. S.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Seaman, Mr. C. K.
Sher Muhammad Khan Gakhar,
Captain.
Singh, Mr. Pradyumna Prashad.
Smart, Mr. W. W.
Smith, Mr. R.
Tottenham, Mr. G. R. F.
Vachha, Khan Bahadur J. B.
Yakub, Sir Muhammad.
Yamin Khan, Mr. Muhammad.

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I want to move No. 13* . . .

Mr. D. G. Mitchell: On a point of order, Mr. President: I submit that this amendment is outside the scope of the Bill. The amendment proposes to repeal the whole of the Export Schedule, and the Export Schedule comes nowhere within the scope of this Bill.

*“ That after clause 2 of the Bill, the following new clause be inserted and the subsequent clauses be renumbered accordingly :

‘ 3. With effect from a date to be appointed in this behalf by the Governor General in Council by notification in the *Gazette of India*, the Third Schedule to the Indian Tariff Act, 1894, shall be repealed’ .”

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Will the Honourable Member speak up?

Mr. D. G. Mitchell: The Export Schedule comes nowhere within the scope of the Bill nor is it discussed anywhere in the Bill. I submit, therefore, that the amendment is entirely out of order.

Mr. M. Maswood Ahmad: Sir, I want by this amendment to amend the Indian Tariff Act in Schedule III; and as this Bill is to amend the Indian Tariff Act, 1894, and vary certain duties levied under that Act, I think this is within the scope of the Bill.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, may I say that the Act which is under discussion is not the original Act of 1894, but the Act, as it was modified by the second Finance Bill of 1931, and that, therefore, all the changes that were made in 1931, either by the first Finance Bill or by the second Finance Bill, all form part of the Act and the revised Act is really before us and they all form part of it.

Mr. S. C. Miṭra: Sir, I think this point is covered by your previous ruling, and, if there is no reason to alter your previous ruling, there is no fresh case, because in the Preamble itself the Indian Tariff Act is mentioned. Any my friend only raises a question referring to the Tariff Act and not about the Supplementary Act or anything.

Mr. M. Maswood Ahmad: I want to say one word more, Sir: that my previous amendment was to amend the Indian Finance (Supplementary and Extending) Act, and here it is to amend the Indian Tariff Act.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): It is no doubt the fact that the Indian Tariff Act, 1894, is mentioned in the Preamble to the present Bill; but the reference to the Indian Tariff Act, 1894, is as follows:

“To vary certain duties leviable under the Indian Tariff Act, 1894.”

It was held in the past by the Chair that when an amending Bill sought to introduce alterations in certain sections of an Act, amendments were in order only if they covered those particular sections of that Act. The fact, that the present Bill seeks to vary certain duties leviable under the Indian Tariff Act, 1894, does not lay open the entire Indian Tariff Act, 1894, for the consideration of this House. So amendments to the Indian Tariff Act of 1894 will be in order only if they relate to those items which are specifically mentioned in the present Finance Bill, and this particular amendment of the Honourable gentleman, not being covered by that, is clearly out of order.

Mr. M. Maswood Ahmad: Under this ruling all amendments up to 16 will be out of order, and I do not move them.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

“That clause 2 do stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That clause 3 stand part of the Bill."

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That clause 3 of the Bill be omitted."

There are already so many taxes on the poor Indians that we cannot be a party to putting any more taxes on them. If you will see, last year we increased taxes without any restriction up to 25 per cent. more. So, after such a heavy duty, . . .

Mr. S. C. Mitra: On a point of order, Sir, I have given notice of a motion to insert a clause between clauses 2 and 3: will you give me a chance to move it now?

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): What number is the Honourable Member referring to?

Mr. S. C. Mitra: It is first in the Late List No. 1.

Mr. D. G. Mitchell: Mr. President, on a point of order. I am afraid, the Honourable Member has been referring to some wrong document in framing his amendment, because the words which he proposes to replace by the words "two annas and three pies" are the same words "two annas and three pies", so that his amendment, as it stands, has no meaning.

Mr. S. C. Mitra: As regards the point raised by my friend, the Legal Secretary, my first submission is that I have not moved anything: I think his objection is premature.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Will the Honourable Member, Mr. Mitra, tell the Chair how his interest would be jeopardised if the Honourable Member, Mr. Maswood Ahmad, is allowed to move the amendment he has just moved?

Mr. S. C. Mitra: If you will permit me to move it later on, I have no objection.

Mr. M. Maswood Ahmad: Sir, I realise very fully that the present days are not suitable for moving amendments in the Finance Bill, . . .

An Honourable Member: Why not?

Mr. M. Maswood Ahmad: . . . at the same time I realise that it is very difficult to defeat the Government. We can only request the Government. Under these circumstances, reasons are, I think, not of much use. There was a time when these things could convince the Members and, by means of argument, it was possible to defeat the Government. But now-a-days when I find that there is a race between habitual supporters, it is very difficult either to convince the Members or to defeat the Government so I will ask the Government to consider the fact that we have already been overtaxed and that the articles which they want to include in this amendment and on which they want to increase the taxes are those which are generally used by poor people only.

In this amendment they say that this figure of 34·88 per cent. is a figure which is very difficult to work and so it should be made 35. I cannot understand, if that was the case, why they did not propose that it should be reduced to 34 instead of increasing it to 35. Dr. Ziauddin Ahmad, who is well known to us as a Mathematician, as well as my Honourable friend, Sir George Schuster, who also must be a very good Mathematician, must know what is the principle of Mathematics. The principle of **Mathematics** is that if any fraction is less than half, it should be cut out, and this very principle has been ignored in this case. Instead of scratching out the figure $3/8$ ths, my friend has increased it to 35, and so I totally oppose the imposition of any new tax.

The trouble is this, that in the garb of making it a whole number, Government want to increase the tax which cannot be tolerated. The other trouble is this, that when a new tax is imposed, we cannot alter it at all. When we rise to oppose anything, my friend, Mr. Mitchell, on the Treasury Benches, gets up and says that it is out of order, and it becomes out of order, though certainly it is not out of order. If we increase the tax now, it will be a tax for ever, like the 25 per cent. additional duty which has become permanent, and generations unborn will have to pay it. We cannot do anything now. Therefore, I hope Honourable Members of this House will take that fact into consideration before they cast their votes, and they should remember the fact that this tax will be a tax for all time. With these words, I move that clause 3 be omitted.

Sir, I move.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Motion moved.

“That clause 3 of the Bill be omitted.”

The Honourable Sir George Schuster: Sir, I hardly think that my Honourable friend's arguments supported the conclusion which he advocated, namely, the removal of the proposed clause, and I was not able to follow his discourse on arithmetic. Though I listened to him very closely, I missed what I had expected to find in his speech,—a careful examination of the position as regards the articles such as boots and shoes and artificial silk piecegoods which this clause is designed to deal with. I think, Sir, I explained the position very clearly in my Budget Speech in paragraphs 81 and 82, and I really have nothing to add. We found in fact that we were confronted with a situation in which the tariff provisions were being defeated, and we felt it necessary to deal with that situation. Usually in dealing with these amendments, I try to give the House as close an estimate as possible of what revenue is involved, but in this case it is impossible to give an exact estimate. All we feel sure of is that unless this clause is passed, we shall lose substantially in revenue under the heads of boots and shoes and of artificial silk piecegoods. They are important heads, because boots and shoes are estimated to bring in 27 lakhs revenue, artificial silk mixtures 45 lakhs, silk and artificial silk piecegoods over 240 lakhs. For these reasons, I must oppose my friend's amendment.

There is just one point that I would like to explain when dealing with this motion, and that is, that an amendment stands shortly after this in the list which will be moved by my friend, Khan Bahadur Vachha, which would have the effect of eliminating silk goods from the operation

[Sir George Schuster.]

of this clause 8. I explained in my Budget Speech that there was no particular reason for including silk piecegoods. It was artificial silk piecegoods that we were aiming at. We really included silk more for the sake of uniformity than for any other purpose. We have since found that there are certain classes of very light silk piecegoods which would be extremely heavily penalised by the clause as it stands, penalised in a way which was outside the scope of our own intention. Therefore, the amendment which is shortly to be moved provides for the removal of silk goods from the operation of clause 8. Subject to that small correction, we support the clause as originally proposed, and as I have already said, I must oppose my friend's amendment.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That clause 3 of the Bill be omitted."

The motion was negatived.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. It appears from the Indian Tariff Act of 1894 that item No. 34 refers to molasses on which the present duty is 25 per cent. *ad valorem*, and the amendment of Dr. Ziauddin Ahmad is to make the 25 per cent. into 100 per cent. Is that correct?

Dr. Ziauddin Ahmad: Which amendment are you referring to, Sir?

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): No. 19.*

Dr. Ziauddin Ahmad: Yes, I want to increase the duty from 25 per cent. to 100 per cent.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Has the Honourable Member sought for the previous sanction of His Excellency the Governor General?

Dr. Ziauddin Ahmad: I had applied for it, Sir, but I did not receive any reply.

Mr. D. G. Mitchell: Sir, His Excellency has refused sanction. The papers have just been received.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The previous sanction of His Excellency the Governor General having been refused for the moving of this amendment, it cannot be moved.

Now, Mr. S. C. Mitra will move amendment No. 1 that stands in his name in the late List No. 1.

Mr. D. G. Mitchell: On a point of order, again, Sir.

*"That before sub-clause (a) of clause 3(1) of the Bill, the following new sub-clause be inserted and consequential amendments be made:

'(a) for the entry in the fourth column against Item No. 34, the following shall be substituted, namely, "100 per cent."'

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Let the Honourable Member move his amendment first.

Mr. S. O. Mitra: Sir, I move:

"That before sub-clause (a) of clause 3 (I) of the Bill, the following new sub-clause be inserted and consequential amendments be made:

'(a) for the entry in the fourth column against Item No. 40 the following shall be substituted, namely:

'two annas and three pies'."

I should like to explain, Sir, that in the Indian Tariff Act of 1894, in clause 40, in the 4th column, it is Rs. 0-2-3. That has been supplemented by the Indian Finance Act of 1931 in item 40, and there an additional rate has been added, that is nine pies per imperial gallon, and that makes it three annas, and my motion is to bring it down to Rs. 0-2-3.

Mr. D. G. Mitchell: Mr. President, my point of order is that the amendment proposed by Mr. Mitra is so badly framed that it is quite inoperative. Item 40 of the Indian Tariff Act, Schedule II, now reads "Kerosene,—unit of assessment per imperial gallon,—rate of duty two annas and three pies". That is in the statutory Schedule. The Honourable Member proposes to substitute for two annas and three pies the words "two annas and three pies", and I submit his amendment, as it stands, has no meaning.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Has the Honourable Member got the latest edition of the Tariff Act of 1894, because it is so frequently amended. The latest copy I have got reads as follows

Dr. Ziauddin Ahmad: What page?

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Page 21. Item 40, under the heading "Kerosene", etc. Imperial gallon Rs. 0-2-3.

Mr. M. Maswood Ahmad: It is also beyond the scope of the Bill as well, because the question of kerosene is not in the Bill and, according to the previous ruling, it is out of order.

Mr. S. O. Mitra: I gave notice of the amendment under this impression. The total import duty on kerosene per imperial gallon is Rs. 0-3-9. It comes in this way. Originally it was Rs. 0-2-3, in the Indian Tariff Act, and, by the Indian Finance Act of 1931, nine pies were added, and with the surcharge of 25 per cent. it comes to Rs. 0-3-9. What I wanted was to reduce it to the level of the excise duty, and that is the object of my amendment. My impression was that if I brought down those three annas which should really be in the latest Indian Tariff Act, as amended by the Supplementary Act. to 0-2-3, with the surcharge, my purpose would be served. That is my reply to the point of order. If there is any error, the error is that of the Government. The tax is three annas with the surcharge of nine pies more and my purpose is to bring it down to the level of the excise duty.

Mr. D. G. Mitchell: My contention is that the amendment unfortunately is misconceived and in the form in which it is now before the House means nothing. It will effect no change

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): What is the duty on kerosene?

Mr. D. G. Mitchell: It is Rs. 0-2-3 under the Tariff Act, with a surcharge of nine pies under the Finance Act of 1931, and a surcharge of 25 per cent under the Finance Supplementary and Extending Act of 1931. So, the total duty now chargeable on kerosene is at the rate of Rs. 0-3-9 per imperial gallon. In order to achieve his object, the Honourable Member will have to undertake some process of arithmetic whereby he will reduce Rs. 0-2-3 to some figure to which, when nine pies is added and the result is multiplied by 5/4ths, the final figure will produce the present excise duty on kerosene. I am afraid, I cannot do it for him *extempore* on the floor of the House now.

Diwan Bahadur A. Ramaswami Mudaliar: I think, Mr. President, the position is quite clear and it is not so simple as is made out by the Legislative Secretary. Under the Indian Tariff Act, the original duty was Rs. 0-2-3. Then the Finance Act of 1931 came into operation whereby a further increase of nine pies was made to it. Therefore, the Indian Tariff Act was amended to that extent by the Indian Finance Act of 1931, and it was the duty of the Government to have published in the Schedule of the Indian Tariff Act three annas. Then came the surcharge under the Emergency Finance Act by which a further nine pies increase was made. If they keep the surcharges and extraordinary legislative impositions in different compartments and do not incorporate them in the Indian Tariff Act, no Member can move any proper amendment. I put a counter question to the Legislative Secretary. Supposing we want to bring the kerosene duty down to Rs. 0-2-3 with a 25 per cent. surcharge, would my Honourable friend suggest by what means we could do that? I submit the amendment of Mr. Mitra is quite relevant. I do not say anything on the merits, but purely on the question of relevancy and the form in which it is put it is relevant. It is in good form.

Dr. Ziauddin Ahmad: I go upon the Indian Tariff Act, 1894, as modified up to the 1st May, 1932. So I conclude that all the changes that were made under the Finance Acts of March, 1931, and November, 1931, are included therein. On page 20, item 40—the duty on kerosene per imperial gallon is Rs. 0-2-3. Three pies is bracketed and the footnote says:

“These words were substituted for the words ‘Six-pies’ by section 4 and Schedule I of the Indian Finance Act, 1930.”

This shows that now the customs duty is Rs. 0-2-6 and not Rs. 0-2-3, because these words were substituted. The Indian Finance Bill of November, 1931, said that over and above there should be a surcharge of 25 per cent. Therefore, I understand that the duty is Rs. 0-2-6 *plus* 25 per cent. over and above.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Chair would like to ask a question of the Government. What is the duty leviable on kerosene legally under the Indian Tariff Act of 1894 as it is amended up to date?

Mr. D. G. Mitchell: The duty leviable under the Indian Tariff Act is Rs. 0-2-3 per imperial gallon. The Indian Tariff Act has not been amended. The Indian Finance Act of 1931 imposed a surcharge of a particular amount on certain items in the Tariff Schedule without amending that Schedule. If the Honourable Member desires to remove that surcharge, the Act which he ought to amend is the Finance Act of 1931.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): If, therefore, a person wants to find out at present what duty he is called upon to pay on kerosene, he has to refer to three Acts.

Mr. D. G. Mitchell: That is so.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): That means the Government are collecting the tax in virtue of powers vested in the executive under three different Acts?

Mr. D. G. Mitchell: That is correct, Sir

Mr. S. C. Mitra: Will you kindly send for the notice of amendment that I gave? It is not exactly as it appears here.

Dr. Ziauddin Ahmad: May I ask one simple question whether any Member on the Treasury Benches can say if I import one gallon of kerosene, how much duty I shall have to pay?

The Honourable Sir Brojendra Mitter (Leader of the House): It seems to me that the whole of this discussion is unnecessary, because item No. 40 is not in the Bill, and, therefore, is outside the scope of the Bill. Sir, according to your ruling, anything which is outside the scope of the Bill cannot be the subject-matter of an amendment.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The form in which the Honourable Member sent notice of the amendment reads as follows:

"In the fourth column of item No. 40 of the Indian Tariff Act, 1894, as amended by the subsequent Finance Acts, for the figures '3 annas' 'two annas and three pies' be substituted."

It is apparent that the Honourable Member was clear in his mind as to what he was doing and, to that extent, he was no doubt correct. But the House has to interpret an amendment strictly in its legal sense. He says: "for the entry in the fourth column against item No. 40

4 P.M. of the Indian Tariff Act, 1894, as amended by the subsequent Finance Acts". Legally the position, as the Chair has understood the Government, is that so far as item No. 40 is concerned, the subsequent Finance Acts do not amend this particular item in the Schedule of the Indian Tariff Act of 1894. Therefore, even if the amendment were to be in the form in which the Honourable Member has given notice of it, it would not help him very much. The Chair quite sympathises with the Honourable Member, Mr. S. C. Mitra, and the difficulty in which the Non-Official Members find themselves on this point. When an Act like the Indian Tariff Act is sought to be amended by subsequent Acts without the subsequent amendments being incorporated in the original Act, it would certainly cause very serious inconvenience to Honourable Members and

[Mr. President.]

the Chair would suggest to Government that it would not be fair to the Honourable Members that they should seek to make amendments in this particular form. Beyond that, the Chair cannot perhaps do anything in this matter. With regard to the point of order raised by the Honourable the Law Member, it is covered by the ruling given by the Chair on similar amendments that were taken up earlier in the day and the amendment in any case is out of order, not being covered by the scope of the Bill.

The Honourable Sir George Schuster: With reference to the discussion which we have had just now, I do sympathise very much with the difficulty of Non-Official Members in dealing with the very complicated situation which is created by having a Tariff Act and two Acts which did not amend that Act, but only imposed surcharges. I should only like to say this, that if any Member on the other side wishes any assistance in drafting an amendment, I will certainly give instructions that the Central Board of Revenue will give the Honourable Member every assistance, so that he should not fail in his object, merely because of this particular complication.

Mr. S. C. Mitra: I can only say that after giving this notice I consulted the office of the Legislative Assembly Department which is the proper office where we can go for help. If you kindly ask the Assembly Department to help us instead of directing us to run to all the various Government Departments, it will be really convenient to us. I phoned up the Commerce Department and they said that the duty was three annas nine pies. So I tried to do my best in the circumstances to equalise the excise duty and the import duty and I could not do anything more.

Mr. M. Maswood Ahmad: Sir, I move:

"That sub-clause (1) (a) of clause 3 of the Bill be omitted."

I do not want to make any speech. I simply move it.

The Honourable Sir George Schuster: I shall again follow my Honourable friend's brevity and, for the reasons which I have already explained, I must oppose the amendment.

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I move:

"That sub-clause (1) (b) of clause 3 of the Bill be omitted."

I move it without any speech.

The Honourable Sir George Schuster: I regret I must oppose this amendment.

The motion was negatived.

Khan Bahadur J. B. Vachha (Government of India: Nominated Official): Sir, I beg to move:

"That in clause 3 (1) (b) of the Bill, in column two of the proposed Item No. 45, the words 'Silk or' be omitted."

The Honourable House will see that the effect of this amendment will be to exclude from this new item No. 45 silk piece-goods. The reasons for moving this amendment have already been given by the Honourable the Finance Member. I shall briefly recapitulate them here. Since the Finance Bill was introduced on the 28th February last, representations have been received from the Japan and Shanghai Silk Merchants' Association and the Canton Silk Piece-goods Importers' Association pointing out that the specific minimum duty of four annas a square yard proposed to be introduced as per this item No. 45, will hit very hard certain classes of genuine silk. Enquiries made by us in this connection on receipt of these representations show that a fairly large proportion of silk-trade (estimated at about 25 per cent.) is in certain qualities of silk known as "Paj", which are very diaphanous, gauze-like materials that run from as much as 30 to 100 yards per lb. as compared with an average of six yards per lb. for artificial silk goods. A duty of four annas per square yard works out to Rs. 7-8-0 to Rs. 25 per lb. for these materials the tariff value of which has been fixed at only Rs. 10-12-0 per lb. The duty will thus be from over 70 to a little under 250 per cent. which is no doubt very heavy and will kill the trade in these articles and cause a loss rather than a gain of revenue. These very light qualities of silk are from their nature purely decorative and have no value as clothing. They cannot be thus said to be in direct competition with ordinary artificial silk or cotton piece-goods. As regards the heavier silk goods, their value is so high that the duty, that is being levied at present, is higher than duty at four annas per square yard. Hence, the latter rate of duty will, if imposed, be inoperative.

I, therefore, move, Sir, this amendment which will benefit Revenue as well as the Silk trade and the consumer. Sir, I move:

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Motion moved:

"That in clause 3 (1) (b) of the Bill, in column two of the proposed Item No. 45, the words 'Silk or' be omitted."

Diwan Bahadur A. Ramaswami Mudaliar: I have not been able to follow the Honourable Member. I must confess that I am comparatively ignorant of these matters, but I remember to have seen a great deal of agitation in the Press regarding the silk industry in Mysore and Kashmir which, it is said, is being jeopardised by the same Japanese dumping against which my Honourable friend, Mr. Mody, has been complaining. I do not know what sort of protection Government are thinking of giving these two industries. The district of Coimbatore from which you, Mr. President, come has got a large silk weaving industry which is fairly well developed and the merchants in Kollegal who are specialising in this industry have also complained, so that representations have been sent up to the Central Board of Revenue asking for a duty on silk goods. My Honourable friend says that silk goods do not come into competition. It looks as if the only sort of goods that the Government have always in mind is the cotton goods of Bombay and Ahmedabad and other places and they

[Diwan Bahadur A. Ramaswami Mudaliar.]

think that, if artificial silk competes with cotton goods, artificial silk comes in for a penalty or for a duty, not because it is artificial silk, but because it commits the sin of competing with cotton goods. On the motion that my Honourable friend, Sir Joseph Bhore, will make next week, we will have a good deal to say on the subject, but, I think, with the limited knowledge that I have of the subject, it would not be fair to the silk industry at all in this country if it is left absolutely unprotected. I find from the old Indian Tariff Act, which was proposed to be amended, that item 45-A refers to mixtures alone, so that pure silk, up to this moment, has had no sort of import duty laid on it. I, therefore, oppose this amendment of Khan Bahadur Vachha. If they do not want a high duty of 50 per cent., I think even at this late stage Government will do well to lower the duty to 25 per cent. and an amendment to that effect may be moved by Government.

Sir Cowasji Jehangir: I am sorry I have to disagree with my Honourable friend, Diwan Bahadur Mudaliar, who, it is quite clear, has not understood the position. The position is this. There is a duty of 50 per cent. *ad valorem* on silk today, and in certain classes of silk, that duty is charged on a tariff valuation. I am not going into the intricacies of that tariff, because it will weary the House and I am afraid they would not be able to understand it. (Laughter.) I will explain why.

Mr. N. M. Joshi: What a compliment to the House!

Sir Cowasji Jehangir: It is a rather difficult tariff, but I will try my best to explain. In the first place, let me say that I quite agree with my Honourable friend, the Diwan Bahadur, that the silk manufactured on handlooms in this country does deserve a further protection over and above the 50 per cent. that it has, because, as I have already said during the general discussion on the Budget, dumping is taking place with regard to silk. But the question before us does not deal with this dumping. "50 per cent. *ad valorem*" really means a 33 per cent. duty on the price.

Mr. B. V. Jadhav: Why?

Sir Cowasji Jehangir: For ordinary purposes you can say that an *ad valorem* duty of 50 per cent. means, in ordinary language, 33 per cent. on the actual value of the article. Now, in certain classes of silk they do not charge the duty *ad valorem*, but they charge it by way of a tariff valuation, that is to say, they fix the duty on the pound of silk. There may be 5, 10 or 20 yards to that pound, but they charge a certain amount. That is on silk that is very thin, very light, on which it is more beneficial to Government to charge by tariff valuation. The rules allow that.

Now, as far as I understand this question, I find there are certain kinds of silk which are charged by this tariff and not *ad valorem*, such as Satin, plain, 45 inches. The duty, if charged at four annas a square yard, as provided for in this Bill, will come to 75 per cent. There are other kinds called "pineapple". I do not know what that is. Oh, you have got it there? I see, Sir, the Honourable the Finance Member has got samples in his hand. (Laughter.) It comes to 250 per cent. Well, any duty of 250 per cent. on an article imported into this country will, and especially on an article which does not compete with any article made in this country,

actually kill that trade, will not help any trade or industry in this country, but will merely deprive the Government of revenue: and, therefore, to get over all this difficulty, my Honourable friend, Khan Bahadur Vackha, has moved a simple amendment that silk be omitted. The result will be that on all qualities of heavy silk the 50 per cent. *ad valorem* will remain. That will not go. The duties that exist today of 50 per cent. *ad valorem* will remain and the silks that my Honourable friend, the Diwan Bahadur, was talking of will be protected to that extent and will continue to be protected to that extent. But those silks, which do not compete with the silks that my Honourable friend was talking about and are unfortunately, and I believe unknown to Government, liable to have a duty of up to 250 per cent. levied on them by the Bill, will now be relieved of that onerous duty.

Mr. S. O. Mitra: What are the silks used for?

Sir Cowasji Jehangir: Perhaps my Honourable friend, the Finance Member, will hand over that "pineapple". (This pattern of silk was then handed round by the Honourable the Finance Member.) They come under the class of scarves, veils, very thin silk and silk which does not compete with silk made in this country. I am not an expert in these matters, and I can tell you that I am speaking from a brief.

Sir Muhammad Yakub: An unpaid brief?

Sir Cowasji Jehangir: I am not in the happy position of my Honourable friend, who has the right to speak from a paid brief, but I trust that although he has the right, he does not utilise that right in this Honourable House. At any rate the point is that the request of my Honourable friend, the Diwan Bahadur, that a 25 per cent. duty at least should be levied on silk is not necessary. There is a 50 per cent. *ad valorem* duty on that silk and it will continue to be levied and I shall be very pleased to see that duty increased when I trust my Honourable friend, Sir Joseph Bhore, will very soon bring in a Bill which will deal with the question of dumping. We are waiting anxiously for a notice that my Honourable friend will come up in a very short time (Hear, hear) with some measure that is going to be moved with the object of preventing dumping which we have all been complaining about. I quite sympathise with my Honourable friend, the Diwan Bahadur, in desiring to protect the hand-loom industry of India. And if, that industry thrives in your native town, Mr. President, I trust that we shall very soon have the opportunity of congratulating your town on a further measure of protection against this dumping. Do not let us confuse the two questions of dumping and the small amendment that is being moved,—which has nothing to do with dumping and which does not in any way affect the duty that is at present in existence on the silk which my Honourable friend, the Diwan Bahadur, was talking about.

U Kyaw Myint: Sir, I find myself in great perplexity, because everybody seems to have forgotten that Burma is still a part of India. Sir, we do cultivate silk in our country to a certain extent.

An Honourable Member: In your province.

U Kyaw Myint: Very well, in my province, to a certain extent, and, to the best of my knowledge, although I know as little as my Honourable friend, Sir Cowasji Jehangir, seems to know about silk, we import a certain amount—from China largely—and we import also from India; so that we are in this extremely perplexing position: that any duty at all will hit us from certain angles and miss us from other angles. Now, Sir, I am now wearing a turban made of very thin silk—not “pineapple”: I do not think anyone in the House except perhaps the Honourable the Finance Member understands what “pineapple” means. I do not. Well, my turban, Sir, is made of very thin hand-woven silk. It is hand-woven in Burma and it is, I believe, silk imported in a raw state from China. On the other hand, my skirt—I suppose that is the only word for it, although it sounds curious,—is made of silk cultivated in Burma and hand-woven in Burma. How this duty is going to affect Burma, I do not know, and my perplexity has been increased by the fact that the amendment has been moved by a Member of the Government Benches, so that I am full of distrust and suspicion. Unless my perplexity is removed, at any rate, to a greater extent than my Honourable friend, Sir Cowasji Jehangir, has been able to do, I shall not be able to support this amendment.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I merely want to intervene in the debate to give some assurance to my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, in respect of a point which he raised. First let me say that my Honourable friend, Sir Cowasji Jehangir, stated the tariff position quite clearly and accurately. The elimination of these words will not result in reducing the existing rate of duty on all silk. The rate of duty on silk piecegoods will continue to be in the total 50 per cent. But my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, was concerned with the future of silk in this country and the object of my intervention is merely to allay his fears. At the present moment, a silk inquiry is being conducted by the Tariff Board. We hope to have the result of that inquiry very shortly and my Honourable friend may rest assured that the silk industry will receive the same attention at our hands as has the cotton industry in the past. I merely wanted to remove any apprehension that might be in his mind or in the minds of other Honourable Members on this particular point.

Mr. M. Maswood Ahmad: I would like to ask one question from the Honourable Member. In the Indian Tariff Act, as modified up to 31st May, 1932, on page 42, I find that the duty on silk or artificial silk piecegoods is 30 per cent. I want to know when was it raised to 50 per cent?

Mr. D. G. Mitchell: The standard duty in the Tariff Act is 30 per cent. 10 per cent. surcharge was added by the Finance Act of 1931, which brought it to 40 per cent. Afterwards another 10 per cent. was added to it, by the Supplementary and Extending Act of 1931, bringing the total to 50 per cent.

U Kyaw Myint: May I ask a question of the Government Benches? As the duty now stands, is there any differentiation between raw silk and manufactured silk—imported?

Mr. D. G. Mitchell: The duty on raw silk is 25 per cent.

Dr. Ziauddin Ahmad: Sir, if I have understood it correctly, the object of the amendment is that we should separate the question of silk altogether as it is being considered by the Tariff Board. After the inquiry by the Tariff Board, some definite proposals will probably be laid before the Assembly. Now, I should like to point out one thing. I have also given notice of this amendment and I do not know whether I will be ruled out of order, but I may point out at this stage that this method of calculating, to my mind, is open to great objection. Here are certain persons who approach the Government of India and on hearing them they look into their questions and they leave out of consideration a very large number of minor industries which are not sufficiently well organised so as to have a formal representation before the Government of India. Therefore, this question, if it affects us at all on account of the depreciated currency of Japan or any other currency, ought to be treated at one place and we should have an automatic formula to deal with that and not bring forward a piecemeal legislation—once for artificial silk, second time for cotton goods and third time for something else. We should have one definite proposal. If I am allowed to move my motion, I will move it later on.

The Honourable Sir George Schuster: Sir, I think there is still a certain amount of obscurity in the minds of some of my Honourable friends opposite as to what is the position and what is the purpose of this amendment. Really, the purpose of this amendment is simply to remove silk piecegoods from the operation of the minimum duty of four annas per square yard. So far as the *ad valorem* duty is concerned, they will not be affected because, although they will not come under this particular 50 per cent. entry in the Tariff Act, they will still be subject, in fact, to 50 per cent. owing to the basic duty of 30 per cent. *plus* the surcharges, bringing it to 50 per cent. That is a position which will have to be taken into account at the time when the surcharges are removed, if, as I hope, they will be removed some time. The actual result now is simply to remove silk goods from the operation of the four annas per square yard minimum duty and I think the position as regards that has already been sufficiently explained to the House. When we drafted this clause in the Bill, we did not think that silk goods would be very much affected by it, because we thought that the value of silk goods on the whole would be so high that the minimum duty of four annas per square yard would never come into operation. We simply included silk goods as a matter of administrative convenience. We have since found, as has been explained, that there is a class of silk goods which is very very light and which would be very heavily hit by this minimum duty of four annas per square yard. I am told by the Central Board of Revenue that if there was any question of a minimum duty for silk goods, it would really more appropriately take the form of a duty per pound and not per square yard. Therefore, I think my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, can be quite satisfied that by cutting out this minimum of four annas per square yard, we are not going to make things any easier for the ordinary type of silk goods to come to this country. I hope this will make the position clear.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That in clause 3 (1) (b) of the Bill, in column two of the proposed Item No. 45, the words 'Silk or' be omitted."

The motion was adopted.

Mr. M. Maswood Ahmad: Sir, I move:

"That in part (i) of sub-clause (1) (c) of clause 3 of the Bill, for the figures '35' the figures '34' be substituted."

As I have just now explained, the total standard rate of duty on articles mentioned in 45 (a) was 34½ per cent., but my Honourable friend has raised it from this to 35 per cent. in order to make it a round figure. My contention is that if you want to make a round figure, make it 34 and not 35. Sir, I move it.

The Honourable Sir George Schuster: Sir, I am afraid I cannot understand my Honourable friend's attitude of mind at all. I see no particular virtue in 34 or 35. We want a round figure and 35 will give us 1½ lakhs more than 34 according to our calculations. Accordingly, I prefer 35.

Mr. M. Maswood Ahmad: May I know whether the intention of the Honourable Member is to make it a round figure or to get more money? In the Statement of Objects and Reasons, it is mentioned that as it was very difficult to work out this figure, it has been converted to 35.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That in part (i) of sub-clause (1) (c) of clause 3 of the Bill, for the figures '35' the figures '34' be substituted."

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in part (ii) of sub-clause (1) (c) of clause 3 of the Bill, for the figures '35' the figures '34' be substituted."

Sir, they have said in item (i) of clause 3 (c):

"(i) for the entries in the fourth column against sub-items (a) and (b), the following shall be substituted, namely:

'35 per cent. or two annas and three pies per square yard, whichever is higher';"

And, again, in item (ii) they say:

"(ii) for the entry in the fourth column against sub-item (c), the following shall be substituted, namely:

'35 per cent.';"

There are three items in 45-A, namely:

"(a) fabrics composed in part of some other textile than silk or artificial silk and in which any portion either of the warp or of the weft but not of both is silk or artificial silk;

(b) fabrics not being silk or artificial silk on which silk or artificial silk is superimposed such as embroidered fabrics;

(c) articles made from such fabrics and not otherwise specified."

So in this Bill they have mentioned parts (a) and (b), in part (i) in sub-clause 1 (c) of clause 3, where they have imposed 35 per cent. or two annas and three pies per square yard whichever is higher. And with regard to (c), they say nothing about square yard, but mention only 35 per cent. in part (ii) in sub-clause 1 (c) of clause 3. I suggest that this 35

per cent. should be 84 per cent. In the Statement of Objects and Reasons, they say :

" It fixes minimum specific duties of four annas per square yard and two annas and three pies per square yard, respectively, with no surcharge, on artificial silk piece-goods and artificial silk mixtures and rounds off the existing *ad valorem* duty, including surcharge of 34 $\frac{3}{8}$ ths per cent. on artificial silk mixtures to 35 per cent. with no surcharge."

If you go through the speech of the Honourable the Finance Member, you will find that the idea was that this figure of 34 $\frac{3}{8}$ ths per cent. was difficult in making calculations and so they want to round off the figure. I say that, if it is a matter of rounding off, then $\frac{3}{8}$ ths is less than $\frac{1}{2}$, and so it should be 34 per cent. There was no mention in the speech or anywhere that this figure was raised to 35 per cent to fill the Exchequer. If that is not the idea and the only idea is to make calculations easier, then why should it not be in favour of the public? Why should it be in favour of the Government? They sometimes put forward this reason and sometimes that reason. I think the idea of Government is to fill up their purse and so they have raised it to 35. I could not understand what was the difficulty in calculating? It is only dividing my 8 and multiplying the quotient by 8. (Laughter.) They want to increase the tax in this garb. They always say something to make that increase reasonable. So I say that if there is any difficulty, the benefit should go in favour of the public and not in favour of Government, and that is why I suggest 34 per cent. Sir, I move.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Motion moved:

" That in part (ii) of sub-clause (1) (c) of clause 3 of the Bill, for the figures ' 35 ' the figures ' 34 ' be substituted."

Mr. N. R. Gunjal (Bombay Central Division : Non-Muhammadan Rural): Sir, I support this amendment.

The Honourable Sir George Schuster: Sir, I am afraid I must oppose this amendment.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is :

" That in part (ii) of sub-clause (1) (c) of clause 3 of the Bill, for the figures ' 35 ' the figures ' 34 ' be substituted."

The motion was negatived.

Mr. D. G. Mitchell: Sir, I move :

" That in clause 3 (1) (c) of the Bill, after sub-clause (ii) the following sub-clause shall be inserted, namely :

' (iii) After sub-item (c) the following proviso shall be inserted in the second column namely :

' Provided that the duty on fents of not more than nine yards in length of fabrics specified in sub-items (a) and (b) shall be 35 per cent. *ad valorem*. ' ; and "

Sir, fents, I understand, come into existence in two ways,—and here I speak subject to correction by my Honourable and expert friends on the other side. Some fents are portions which are cut off from the end of a piece in order to reduce it to the proper trade length. In other

[Mr. D. G. Mitchell.]

cases, portions are cut off from the piece in order to remove defects in weaving. These oddments of cloth are bound together in bundles and are sold by weight, at very low rates. For this reason the application of this specific minimum duty per square yard is not suitable. In the first place the duty will be much too high; and, in the second place, it would involve an intolerable burden on the Customs authorities. These bundles, as I have said, are sold by the pound, and in order to assess the value per square yard the Customs authorities would have to open every bundle, measure various small portions of cloth of various length and width, and then estimate the total square yardage. The intention of the amendment I propose is to avoid all this trouble and to avoid an over-high duty. You will see that in item 45, as inserted by the Bill, fents of not more than 9 yards in length have been exempted. The intention was to exempt those fents also which would come under item 45A; but in the making of the rather complicated amendments to item 45A, this point was overlooked, and the amendment is to supply the omission.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The question is:

"That in clause 3 (1) (c) of the Bill, after sub-clause (ii) the following sub-clause shall be inserted, namely:

'(iii) After sub-item (c) the following proviso shall be inserted in the second column namely:

'Provided that the duty on fents of not more than nine yards in length of fabrics specified in sub-items (a) and (b) shall be 35 per cent. *ad valorem*.'; and "

The motion was adopted.

Dr. Ziauddin Ahmad: Sir, as regards the motion* standing in my name I should like to point out

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. I find that in the Tariff Act of 1894 the rate of duty on sugar and sugar-candy excluding confectionery is Rs. 7-4-0 per cwt. The amendment makes it Rs. 9-8-0; that is, the idea is to increase the tax. Has the Honourable Member obtained the sanction of the Governor General?

Dr. Ziauddin Ahmad: May I move it first before it is ruled out of order?

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): It cannot be moved without previous sanction having been obtained.

Dr. Ziauddin Ahmad: I have applied for the sanction, but I think it is still under consideration.

* "That after sub-clause (1) (d) of clause 3 of the Bill, the following new sub-clause be inserted:

'(e) in item No. 157, the words 'and sugar-candy' shall be omitted and after that item the following item shall be inserted, namely:

157A. Sugar-candy, Cwt, 9-8', "

The Honourable Sir Joseph Bhoré: Sir, may I say just a word in respect of this amendment? I am afraid that we must take formal objection to its being moved. But I should like to assure the Honourable the Mover that the matter is receiving our consideration and that if we find it necessary or advisable at a later stage to make a modification in the sense of this amendment, we shall take a suitable opportunity of doing so. For the present, I am afraid, we must make the formal objection that has been raised by the Chair.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): When a motion requires the previous sanction of the Governor General and the Honourable Member who wants to make the motion has taken care to apply for the sanction, it is perhaps placing the Chair in a difficult position if the Honourable Member of the Government were to take objection formally. In the opinion of the Chair, the Honourable Member is entitled to know whether sanction has been given or not.

The Honourable Sir Joseph Bhoré: My information is that the Governor General has not given the sanction, but I would also take another formal objection and that is that this amendment lies outside the scope of the Bill.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Has the Honourable Member got anything to say on the point of order that it is outside the scope of the Bill?

Dr. Ziauddin Ahmad: May I suggest that this item be postponed till Monday.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Honourable the Commerce Member has taken formal objection on a point of order that the proposed amendment is outside the scope of the Bill. The Chair would like to know from the Honourable Member whether he has got anything to say to cover that point.

Mr. S. C. Mitra: Your previous ruling, Sir, covers that point. There is mention of the Indian Tariff Act in the Preamble and it is, therefore, in order.

Dr. Ziauddin Ahmad: The whole Schedule is under discussion and we are making certain changes in the Indian Tariff Act and this is another item in the same Schedule. I am proposing in this particular amendment to increase the duty and that requires the previous sanction of the Governor General. As the matter is still under consideration, I would suggest that the consideration of this amendment be postponed till Monday.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): Since it is covered by the previous ruling given by the Chair, which is well established and understood, that the whole of the Indian Tariff Act is not under consideration, but only the particular items mentioned, this amendment is clearly outside the scope of the Finance Bill and, therefore, out of order.

Dr. Ziauddin Ahmad: Sir, I beg to move:

“That after clause 3 of the Bill the following new clause be inserted:

‘3A. (1) Where the Governor General in Council is of opinion that the currency of any country has depreciated to an extent likely to affect any industry in India, he may by notification in the Gazette of India

(a) declare the standard rate of exchange of that country in terms of hundred rupees;

(b) from time to time declare the existing depreciated rate of exchange with that country in the same terms; and

(c) specify the article or articles manufactured in India affected by such depreciation.

(2) Notwithstanding anything contained in the Indian Tariff Act, 1894, or in the Sea Customs Act, 1878, the duty of customs on any article notified under sub-section (1) shall be determined in accordance with the following rules, namely:

(a) where the duty is calculated at an *ad valorem* rate, the value of the commodity in rupees shall be increased in the ratio of the notified depreciated rate of exchange to the notified standard rate of exchange; and

(b) where the duty is a specific duty, the unit of assessment shall be decreased in the ratio of the notified standard rate of exchange to the notified depreciated rate of exchange.

(3) This section shall have effect only up to the 31st March, 1934, but the Governor General in Council may extend the period by one year.”

Mr. M. Maswood Ahmad: Sir, on a point of order. My point of order is this that this amendment seeks to insert a new clause 3A. We have not voted clause 3 yet. How can we now discuss clause 3A of the Bill?

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Chair does not think that that is a real point of order, because if this amendment is passed, then clause 3, as amended, will be put to the vote.

Mr. D. G. Mitchell: On a point of order, Sir. It does not require very much exposition on my part to convince you, or any Honourable Member of the House that this is entirely outside the scope of the Bill. It is a rough and ready plan for meeting dumping, and dumping has nothing whatsoever to do with the Finance Bill.

Dr. Ziauddin Ahmad: I may explain that I have no connection whatsoever with dumping in this amendment. I only give a simple arithmetical formula for calculation in the case of customs duty. Whenever you have got a tariff duty, you have to charge by certain methods and I give in this motion a new method of calculation.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The Chair understands the Honourable Member to mean that he does not seek an anti-dumping provision, but arithmetic. Arithmetic is beyond the scope of this Bill. Arithmetic is not covered by this Bill.

Dr. Ziauddin Ahmad: The point which I wish to make is that it is supplementary to the various clauses. In sub-clause (3), we have to charge duties *ad valorem* in certain cases. I give here a method by means of which these things ought to be calculated.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): If it is the intention of the Honourable Member that these provisions of this particular amendment should apply to those items which are specifically mentioned in the Finance Bill under consideration, then the Chair would consider whether it is in order, but it should be stated whether that is the intention of the Honourable Member.

Dr. Ziauddin Ahmad: My intention was no doubt to apply to everything, but more particularly to those items now under consideration.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): What exactly is the intention of the Honourable gentleman?

Dr. Ziauddin Ahmad: I wish now, as I said, to apply it to those items which are before us, that is in clause 3, and also other items.

Mr. C. C. Biswas: That will involve an amendment of the clause as framed.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): But the amendment, as it is framed, would cover not merely the specific items mentioned in the Finance Bill, but will cover all the items that are covered by the Schedule to the Indian Tariff Act.

Dr. Ziauddin Ahmad: That was really my intention.

Mr. President (The Honourable Mr. R. K. Shanmukham Chetty): The amendment, being outside the scope of the Bill, is out of order.

The question is:

"That clause 3, as amended, do stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

The Assembly then adjourned till eleven of the Clock on Monday, the 20th March, 1933.