

15th March , 1933

THE  
LEGISLATIVE ASSEMBLY DEBATES  
(Official Report)

1933

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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.

## *Secretary :*

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

## *Assistants of the Secretary :*

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

## *Marshal :*

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

## *Committee on Public Petitions :*

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

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

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

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

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

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

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# LEGISLATIVE ASSEMBLY.

*Wednesday, 15th 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.

## STATEMENTS LAID ON THE TABLE.

**The Honourable Sir Brojendra Mitter** (Law Member): Sir, I lay on the table the information promised in reply to supplementary question to starred question No. 1312 asked by Mr. Amar Nath Dutt on the 21st November, 1932.

## STRENGTH OF THE EMPLOYEES OF THE LEAGUE OF NATIONS SECRETARIAT.

\*1312. The total strength of the employees in the League Secretariat in 1932 was 1178.

**The Honourable Sir Harry Haig** (Home Member): Sir, I lay on the table the information promised in reply to starred question No. 391 asked by Sardar Sant Singh on the 21st February, 1933.

## PERSONS CONVICTED UNDER THE CRIMINAL LAW AMENDMENT ACT.

\* 391.

Province.	Total number of persons convicted though not necessarily sentenced to imprisonment in connection with the Civil Disobedience Movement under Sections 2 to 7 of the Criminal Law Amendment Act 23 of 1932, during the month of January 1933.
Madras . . . . .	25
Bombay . . . . .	21
Bengal . . . . .	..
United Provinces . . . . .	56
Burma . . . . .	..
Punjab . . . . .	..
Bihar and Orissa. . . . .	51
Central Provinces. . . . .	..
Assam . . . . .	..
North-West Frontier Province . . . . .	..
Delhi . . . . .	..
Coorg . . . . .	..
Ajmer-Merwara . . . . .	..
<b>TOTAL</b>	<b>153</b>

**Mr. G. S. Bajpai** (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to starred question No. 573 asked by Shaikh Fazal Haq Piracha on the 27th February, 1933.

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#### INCONVENIENCE CAUSED TO PILGRIMS AT BOMBAY AND KARACHI.

\*573. With a view to promoting the comfort of pilgrims, arrangements have been made to provide three ladders for embarkation at Bombay and Karachi. Two of these ladders will be available for use by pilgrims and one for use by coolies carrying baggage.

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**Mr. P. R. Rau** (Financial Commissioner, Railways): Sir, I lay on the table the information promised in reply to starred question No. 604 asked by Mr. K. P. Thampan on the 2nd March, 1933.

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#### AMOUNT SPENT IN CONNECTION WITH THE MADRAS AND SOUTHERN MAHRATTA RAILWAY STRIKE.

\*604. (a) The Agent, Madras and Southern Mahratta Railway, reports that the amount spent on account of propaganda is approximately Rs. 1,300.

(b) The Agent reports that the amount paid to Messrs. King and Partridge is not yet accurately known but that it is estimated at Rs. 1,350 and that most of this expenditure consists of fees for consultations and advice regarding employees agreements and the correct interpretation of the Trade Disputes Act.

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#### THE INDIAN FINANCE BILL—*contd.*

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

**U Kyaw Myint** (Burma: Non-European): Sir, if I might say so without any impertinence, we have had a somewhat dull debate on this particular motion, and it is my idea—I do not know whether my idea will prove to be justified or not before I sit down—but it is my idea to introduce a somewhat lively tone to the debate (Hear, hear), not by interjections about love letters in jail, but by, if I may respectfully submit to this House, speaking the truth—if anybody knows the truth—about the political situation in Burma. But before you make up your mind whether that subject is relevant or not, I shall be talking about a subject about which I know nothing. That subject is finance. And that will perhaps give the Honourable the Finance Member the chance of deciding whether he ought to get up and raise a point of order when I do speak about Burma.

You will notice, Sir,—or you would have noticed, if you were not otherwise distracted,—that I have a lot to speak about. Greatness has been thrust upon me suddenly this morning, and I happen to be so fortunate as to be the first speaker today. I think it was my friend, the Honourable the Finance Member, who told us in his reply in the general discussion

of the Budget that there were 40 speakers who had taken part in it. I plead not guilty to that charge, because I was not one of the 40. I had my innings against my Honourable friend, Mr. Maswood Ahmad, and I rested upon my laurels.

If I may presume to talk about finance, I shall have to go back to my Honourable friend, the Finance Member's speech made on the day he presented the General Budget. I shall not detain the House very long, because I know so little about the subject of finance. But I claim to be one of the very few men who have taken the trouble of reading—after enjoying the oral delivery of the speech—of further enjoying the speech by reading it not once, but many times, and I may confess at once that it was not because I was in love with the subject, although I have great respect for the Finance Member but that I was reading it for the first time, because I had nothing else to read; and then certain passages roused my ire and I read it again and again. But knowing well enough that I was not in a position to controvert them during the discussion of the General Budget, not being in possession of sufficient information about my own case as against the Honourable the Finance Member's case, I held my tongue, thereby proving to the House that I was a wise man. But I have now had the opportunity of studying the Finance Member's speech as one who studies a brief. I have even followed my usual custom, a custom that is almost invariably followed at the Bar, of marking in the margin all the passages in my favour in blue pencil and those against me in red pencil. In fairness to the Finance Member, I must say that there are as many blue marks as red. Sir, having practised for nearly ten years at the bar—and I say that to make myself sound, very ancient, even though I may not look very ancient—having practised at the bar for nearly ten years, I have gathered sufficient wisdom to say nothing about the points in my favour, because if an opponent says something in my favour, the best compliment I can pay to him and to myself is to hold my tongue about it; so that I shall devote myself only to those passages in the Finance Member's speech which I have marked in red. I shall not take very long either.

The first passage occurs at page 6. There, with the greatest respect to him, I will say to the Honourable the Finance Member that I disagree profoundly with his conclusions. This is the passage:

"In the first place, the results, as regards imports combined with the figures of Indian production of such articles as salt and kerosene and cotton piecegoods, seem to reinforce one of the points which I emphasised in my speech last year, namely, the extraordinary power of resistance, in spite of diminished purchasing power, which India shows in maintaining the consumption of certain standard necessities of the masses."

I take that passage to mean—I am open to correction by my Honourable friend—I take that passage to mean that the Honourable the Finance Member, when he wrote that passage, was obsessed with the idea that the masses in India who, after all, form the vast majority of the population, have what he calls an extraordinary power of resistance. I am glad in a way that he has said this, because, after all, this is a compliment he is paying to the masses. My interpretation of it is—I may be wrong and I am open to correction by my friend—that the Honourable the Finance Member was greatly impressed by the power of resistance that has been exhibited during the appalling trade depression by the masses in India. Certainly, viewed from one angle, that is a correct aspect. But I look at the matter from another angle, and when I express my point of view as against the point of view of the Honourable the Finance Member, I



[U Kyaw Myint.]

express it with the greatest diffidence. I look at it this way, Sir: it is not because the masses in India have any extraordinary power of resistance, but because of a totally different reason. I have seen a little of India. After all, in spite of U Ba Pe, the Separationist Leader in Burma, and His Excellency Sir Charles Innes, we are still today a part of India. So that if I speak of the masses in India, although I speak with personal knowledge only of the masses in Burma, I think I can paint a fairly accurate picture of what the masses go through in India and in Burma. Kerosene, for example, is a product of Burma. I believe that almost the entire market in India for kerosene is supplied by Burma. Take salt, for example—we are one of the few provinces in the Indian Empire who manufacture salt. So that, when I present my point of view as against the conclusions arrived at by my Honourable friend, the Finance Member, although I must express my views with the greatest diffidence, I do say that it is not because the population of India—the masses of India—it is not because they possess any unusual power of resistance that there has been no diminution, no appreciable diminution, compared with the diminution in the volume of trade. There has been no appreciable diminution in the consumption of these goods, which may be described as necessities in India only for the reason that the Indian peasant has always had such a low standard of living that it was really the irreducible minimum. Perhaps I have not made myself clear. A man must have food, a man must have clothing, a man must have shelter, and in these days of so-called civilisation he must have light when the sun has set. Therefore, a man must have salt, however poor he may be, he must have kerosene oil, however poor he may be; and the peasant in good times had only his fair share of kerosene and salt. When bad times came, he could not reduce his share of kerosene and salt, because if he had reduced his share of salt he would not have survived, and if he had reduced his share of kerosene, he would have had to be in complete darkness after sunset. That may appear to be a somewhat new theory to my Honourable friend, but I advance it—as I have said, with the greatest diffidence—as a theory worth considering, because, if my premise is accepted—if my argument that there has been no diminution in the consumption of these goods, simply because there could not be any appreciable diminution is accepted, then I shall prove my case later on when I make the assertion that India cannot afford to have any more taxation, that India is already over-taxed, or, if my Honourable friend will not admit that India is already over-taxed, that India has reached the maximum of taxation and that the imposition of any further taxation in India will only bring about calamity to the entire country. That is one point.

The next point is a very similar one occurring in page 14 of the speech (paragraph 29) when my Honourable friend was summing up his conclusions. I quote him:

"I may now sum up my own conclusions on that review. For my own part, the main impression gained by a study of what has been happening during these last two years of terribly difficult times is one of admiration and wonder at the way in which India and her people have adjusted themselves to the emergency."

Picking up the thread of my argument again, I would respectfully submit to my Honourable friend and to the House that there has been no adjustment, because no adjustment was possible. The masses in India had already arrived at an irreducible minimum in their standard of living and, therefore, no possible adjustment could have been achieved by them.

When a man is absolutely on rock-bottom, when a man barely exists—and that, I think, is the position of the ryot at least in India, and the position of the labourer in India, and the same remark has applied to Burma since the beginning of the depression—the poorest class of peasant in India and Burma had such a hard time even in the good old days that he could not live a harder life now than he lived two or three years ago. Therefore, in India, we are having on the one hand increase in taxation year by year and, on the other, no margin, so far as the poorest classes are concerned, remaining for taxation. If we go on increasing taxation from year to year—my theory being that we have already arrived at an irreducible minimum by way of a standard of living—if we go on increasing taxation from year to year, within the next two or three years, the masses will be so severely taxed that either they will cease to exist as masses or they will do something which will bring about a change in their condition. With respect to Burma, there have been attempts at the overthrow even of the Government. I do not say that taxation was the only reason, but I have had the very sad task of appearing in many rebellion cases. There was certainly one reason which had nothing to do with taxation. There was a man who was the Pretender to the Burmese throne. But apart from the existence of a Pretender, apart from the fact that there was a man who wanted to overthrow British rule, every witness that gave evidence in Court, either for the prosecution or for the defence, had to say at some stage or other that the economic depression brought about by the slump in trade, and over-taxation were equally important causes of the rebellion.

My Honourable friend, Captain Lal Chand,—I understand he is also a colleague at the Bar—my Honourable and learned friend—my Honourable, gallant and learned friend, Captain Lal Chand—has more than once during my presence in this House talked about martial races. At one time—I state this without meaning any offence to anybody—at one time it was the hobby of the Burman to go and knock at India's door. In the eighteenth century it was our hobby to conquer Assam, Manipur, Siam and other neighbouring countries just as a hobby. Until the British conquered Burma—it took them three wars to do it—until the British conquered Burma, we were a martial race, and from that and from the fact that we have had a rebellion lasting over a year in spite of the rebels being pitched against the finest products of the British and Indian armies, I think I may fairly claim that Captain Lal Chand, when he was speaking of the martial races, spoke also of Burmans.

What has happened in Burma may happen in India. That is the warning that I wish to convey to my Honourable friend, the Finance Member—serious words coming from one of the back-benchers of the Opposition. Apart from all other causes, one of the main causes of the rebellion in Burma was starvation. Burma has always been regarded as a land of milk and honey. It was rightly regarded as such until two years ago. We had on the one hand the trade depression prevailing; we had on the other hand a Pretender to the throne. On the top of these two main causes, we had also this threat of separation hanging in the air. Sir, separation is on my brain, I must confess it. It is my obsession just now. I have spent two years of my life opposing separation and I do not know today whether I am going to win or whether I am going to lose. I am not blaming anybody, because, if we are in a hopeless tangle in Burma, we have only ourselves to blame. I say that in fairness to Britain and to

[U Kyaw Myint.]

India. But if the province of Burma suffered so much through trade depression and through over-taxation, suffered so much that there was such a rising, such a rebellion, such an attempt to overthrow the existing Government, there may be, for very similar reasons, similar uprisings, similar upheavals, similar troubles in other parts of India, unless either taxation is reduced or the conditions of trade improve. (Hear, hear.) And then, perhaps, when we reach the limit of our endurance, even my Honourable, learned and gallant friend, Captain Lal Chand, will be fighting in the same ranks as myself—against the Government. (Laughter.)

If I may continue the quotation on page 15 (I am now skipping over 30 lines), my Honourable friend, the Finance Member, said :

“It is difficult to trace exactly the complete economic effects of these adjustments, but one conclusion is probably justified, and that is that the poorer classes, and particularly the wage earning classes whose wages have not been reduced proportionately to the fall in values of local food produce, are at present being better fed than ever before. Thus some advantage at least is gained.”

That is certainly to me an alarming theory. I am sorry the only recognised labour leader in the House is not present today; but I think Mr. Joshi, if he were present, would have agreed with me that the condition of labour in India even in what we call the good old days was appalling. I have knowledge of Indian labour to this extent: as I have informed the House in connection with another subject, so far as industrial labour is concerned, Burma relies almost entirely on India, so that when I speak of labour in Rangoon, which is the only industrial town in Burma, I think more of the Indian labourer than of the Burmese labourer. The Indian that comes to Burma to obtain a living does so, because he is unable to obtain a living in his own country. I cannot imagine anybody leaving his country for another country if he can comfortably make a living in his own country. The Indian labourer goes to Burma, because he has better prospects in Burma. Rangoon is from the Burman's point of view an expensive town and yet the dockyard labourer, whether he is an Indian or a Burman, can earn in Rangoon only about Rs. 1-12-0 a day. Now, that would be fairly good wages if he could be sure of obtaining employment every day. But I went through certain statistics with a man with a better knowledge than my own of labour conditions all over India and we came to the conclusion—and I have no reason to believe that the conclusion is incorrect—that the utmost that the average labourer in Rangoon can hope for is employment for 12 days each month, and 12 working days at Rs. 1-12-0 a day is not much. Now, Sir, there is a vicious system of labour-contractors prevailing in Rangoon. I have no knowledge whether a similar system prevails in India also. In Burma, the system that prevails is that some person, with means at his disposal, imports labour. He pays the passage of the labourer coming from India. As soon as that labourer lands in Burma, he has to sign a promissory-note for some enormous figure, something like Rs. 300 or Rs. 400. I believe the usual figure is Rs. 300, and he remains a slave of that labour-contractor sometimes for five years. A man getting Rs. 1-12-0, a day for 12 days in the month has enormous difficulty in paying any debt at all, and the promissory-note being for Rs. 300, the labour-contractor is not satisfied until he has received a profit of about 500 per cent. on the money he has invested. Making allowance for such debts as may have been incurred by a man before landing in Burma, the average daily wage even on days of labour works out at not more than Rs. 1-4-0. Twelve days at Rs. 1-4-0, a day

works out at Rs. 15 a month or eight annas a day. I don't think a man on eight annas a day can enjoy any of the amenities of life, and I would ask my Honourable friend, the Finance Member, to consider whether the remarks that I have quoted are justified. After all, if a man's average income was only eight annas two years ago, it could not be very much less than eight annas today, for the simple reason that, if conditions were otherwise, he would not be able to live in a place like Rangoon. He could certainly manage to live outside Rangoon, but not in Rangoon.

Now, Sir, so much has been said about the export of gold that I should not like to say anything more. But I should like to say this. I see that my Honourable friend, Sir Cowasji Jehangir, is not here, so I will convey that information to him later. (Interruption by an Honourable Member.) My Honourable friend, Dr. Ziauddin Ahmad, tells me that he will convey the information. The information is quite simple and can be conveyed in a very few words. I thoroughly disagree with Sir Cowasji Jehangir on the question of the export of gold, which also means that I profoundly disagree with my Honourable friend, the Finance Member, also. As so many Honourable Members of this House have addressed you and the House about the export of gold, I will spare the House any further remarks. (*Dr. Ziauddin Ahmad*: "Say something.") In answer to what I may describe somewhat flippantly as Dr. Ziauddin's egging-on, I will say something. There is a further passage in the Finance Member's speech about the export of gold. I shall not trouble the House with an exact quotation, but I will give the gist of it. My Honourable friend said that, although the trade balance during the past two years, looking at the imports and exports of goods, raw materials, and so on, has been unfavourable to India, yet, owing to the large export of gold, regarding gold as a commodity and not as a precious metal, there has been no harm done to India. I am open to correction, but that is the idea that has been conveyed to me by what the Finance Member said in his Budget speech. If my impression is correct, then, according to my Honourable friend, it is the export of gold that has saved India. From a certain angle I agree with him, but, on the other hand, looking at it from another angle, I disagree with him for this reason: gold can be regarded in several ways. You can regard gold as just a commodity, in the same way as cotton; human imagination being extremely wide, you can do that.

Firstly, you can imagine gold as just a commodity. Secondly, you can imagine gold as something precious, something not to be parted with except in times of great emergency. Thirdly, you can imagine gold as either bullion or just a kind of money. If you regard gold as a mere commodity, if you regard this stream of gold going out of India as just a stream of goods going out of India, then the Honourable the Finance Member's views may be correct. If, on the other hand, you regard gold as something precious, something that has got to be hoarded, something that should not be parted with if you can possibly help it, then you must disagree with the Honourable the Finance Member. It depends, Sir, on how you look at it. My Honourable friend, so far as I am able to follow him, wants us to regard gold as just goods. Now, is that reasonable, Sir? Is that wise, Sir? What does gold represent to us? What does the average person do—I am talking of the masses—what does the average poor person do if he can save a little money? He turns it into gold, and usually for two reasons. He wants gold ornaments for his wife and children or for himself. I have seen men with gold ear-rings, not in my own country,

[U Kyaw Myint.]

but over here. That is one reason, buying gold as something in the nature of jewellery. But is that the only reason why the poor man wants to buy gold? No. The second, and probably the more important, reason is this: what a comfortable bank balance is to a business man, what a comfortable margin is to a man dealing in stocks and shares, and what a reasonable expectation of wealth is to a person who is a member of a wealthy family, all these things are to the upper classes what gold is to the lower classes—to be used as capital if necessary, and to be hoarded up as something precious, something that must be kept against a rainy day. That is my submission to you, Sir, to the House, and particularly to my Honourable friend, the Finance Member. Gold in this country is not a luxury. Gold is a sort of insurance with the masses of India, and, therefore, if you allow gold to leave this country in such enormous quantities, you are taking away the only reasonable insurance that this country has against calamity. We cannot, I respectfully submit, afford to allow the stream of gold to continue to flow out of the country. We may not have reached the stage when the stream stops by itself. I do not think we have quite arrived at that stage. I think there is still some more gold in the country. But I do submit that we have arrived at the stage that something must be done to stop the stream that is flowing out of the country. If that is not done, we shall meet with disorder, and that very soon too. I may now quote my Honourable friend again:

"In fact, by cutting off imports of precious metals and supplementing her purchasing power by drawing on her reserves of gold, India has been able to keep up her standard of living and her position as a customer for the goods supplied by the rest of the world to more nearly normal levels than most countries."

Now, if my theories require any proof, this quotation surely will suffice. Sir, I have placed before you two theories. One is that, so far as the masses in India are concerned, the standard of living is so low that it is the irreducible minimum. The other theory is that gold here in this country is more than a precious metal. It is not goods. Gold is insurance so far as India is concerned. And if these theories require any proof, the Honourable the Finance Member himself has supplied that.

"By cutting off imports of precious metals . . ."

Of course, the imports of precious metals were cut off. Why? Because we had not the money to buy them; we were reduced to such a state, we were in such misery, that we were parting with gold. We had not any money to spare; in fact we had not enough money to live on comfortably. We were parting with our most precious possession, namely, gold. Of course the imports were cut off. We cannot expect poor people to buy precious metals by way of imports when the country is not only on the verge of starvation, but is literally starving:

" . . . by cutting off imports of precious metals and supplementing her purchasing power by drawing on her reserves of gold . . ."

Here, even my Honourable friend uses the word "reserves". Of course they are reserves, and our only reserves. Take the gold away, and what remains? Nothing at all. Sir, I am not a financier, and I do not know how the paper currency of this country will behave when all the gold is outside India! . . . . .

**An Honourable Member:** Like the paper marks in Germany.

**U. Kyaw Myint:**

" . . . India has been able to keep up her standard of living and her position as a customer for the goods supplied by the rest of the world to more nearly normal levels."

Ours is indeed a tragic position—tragic. It is not because we are able to adjust ourselves; it is not because we were very wealthy two years ago; it is not because we are very fortunate today; but it is because we cannot lower our standard of living any further, and it is because we have nothing further to part with except gold, that has brought about the state of affairs from which my Honourable friend is drawing the conclusion that we have been more fortunate than other countries! But even my Honourable friend, the Finance Member, admits this in paragraph 30:

"Neither the process of drawing on reserves, nor that of agricultural adjustments, can be continued indefinitely."

There he is arguing in my favour—although I have stated the case in somewhat stronger terms than he has. Instead of saying "indefinitely", I would say, personally:

"Neither the process of drawing on reserves, nor that of agricultural adjustments, can be continued for very much longer."

The question of import duties I leave to my Honourable friend, Mr. H. P. Mody, and the question of export duties I leave to my Honourable friend, Mr. Maswood Ahmad, who, I see, has tabled a motion about that by way of an amendment. I come now, Sir—having given you enough time to consider whether you should stop me or not—to the question of the separation of Burma. (Hear, hear.)

Sir, I make it plain to this House—and I make it plain, because I appreciate most deeply the courtesy I have always received in this House—I make it plain in this House that if any man is hated in Burma at the present moment, I am he. I am hated by many, including the Government of Burma. Sir, the story of Burma is indeed tragic. I have been given two opportunities already, during the past two years, of addressing this House on the question of the separation of Burma from India. The first occasion, you may remember, Sir, was during the Budget Session of 1931—the first Session in fact of the present Assembly. I moved a motion on the 16th March, 1931, in this House to postpone the consideration of the Finance Bill for one day. I took an extreme course. I knew I was causing a great inconvenience to my Honourable friend, the Finance Member, and to the House as well; but I took that extreme course, because it was the only thing I could do to bring Burma to the notice of the Government of India in the manner I wanted. This House was kind enough to pass the motion. I said in my speech on that occasion that the motion meant three things. In this connection I will quote a brief passage from my own speech:

"If the Government of Burma genuinely believes that the consensus of opinion in Burma has been in favour of separation, it should have no hesitation in agreeing to the referendum demanded by the people of Burma. I would also strongly urge that the referendum should be held under the direct supervision of the Government of India with this additional safeguard, that it should be conducted with the aid of a non-official committee representing every class of Burmese political thought and every shade of Burmese opinion."

These are the things which are implied in this motion for the postponement of the consideration of this Bill for one day. By adopting this motion for postponement, this House will be able to indicate to the people of Burma its adherence to the principle that it is for Burmans to decide whether to separate from India or to remain a part of the proposed Indian Federation. This House will be able to indicate to the people of Burma an expression of its concern at the manner in which the question of separation is being rushed through and treated as a settled issue. . . . By adopting this motion, this House will be able to support what I have urged and to support the agitation for a referendum under the direct supervision of the Government of India."

[U Kyaw Myint.]

The implications of that motion, Sir, were better stated by a more experienced colleague of mine, Mr. Jehangir K. Munshi, who is absent today, to my great regret. Mr. Jehangir K. Munshi, at the tail end of his speech, said this. I am sorry I cannot find the passage—and, therefore, I will content myself by giving its substance. He said that this House would not, by supporting my motion, be censuring the Government of India or the Government of Britain in any way, but that this House would be supporting the contention of at least one section of the Burmese people that the desire for separation in Burma was not unanimous. Now, the result of that motion was eminently satisfactory to me and to those people in Burma who share my opinion on this question. It did not result in the referendum that I wanted for the simple reason that it would have cost the Government too much and would have been highly inconvenient for obvious reasons, but at least we were given a chance of expressing our views, as a nation and as a country, on that question, without the aid and without the connivance and without the interference of the Burma Government. Now, that motion was passed in this House in March, 1931. You will recall that the first Indian Round Table Conference took place in December, 1930, and January, 1931, so that my motion came after the first Round Table Conference. I really moved this motion because, at the first Round Table Conference, Sir Charles Innes, who was then the Governor of Burma, had seen fit to choose four gentlemen, all of whom were in favour of separation. You will remember that at the first Indian Round Table Conference, the Burma Delegation, consisting of four separationist gentlemen, accepted the principle of separation and the Conference as a Conference had to accept the principle of separation of Burma from India, because there was no Burman there to controvert their statement. Now, Sir, in my speech on that occasion in this House I blamed the Government of Burma and I also blamed His Excellency Sir Charles Innes; but after all I could not blame any member of the Round Table Conference. There were four members chosen by Sir Charles Innes and, as all of them said that they wanted separation, naturally they got what they wanted. But I do blame the Government of Great Britain for subsequent events. The fact that I had moved a motion in this House successfully, to bring to the notice of the Government of India the state of affairs in Burma regarding the question of separation, must have been intimated to the Government of Great Britain, and yet, at the Second Indian Round Table Conference, Burma was not represented. For that I must blame them. After all if there had been one Round Table Conference at which all the people who came from Burma had demanded separation and were promised that, at the time of the Second Round Table Conference there was agitation on both sides in Burma. We had then formed two definite groups, each naturally claiming the majority for itself. On the one hand, there was the separationist group from whom four gentlemen had presented the case of Burma on the First Round Table Conference. They claimed that they were in the majority. On the other hand, there were people like myself who also claimed the majority for themselves. There were thus two definite camps in the field. The separationist camp had had their say at the Round Table Conference and the anti-separationist camp had also had their say in the Legislative Assembly of India. Surely, the Government of Great Britain could have recognised the mere existence of two definite shades of opinion. A few months after my motion was moved in this House, a

Burma Round Table Conference was convened. There had been already one Round Table Conference at which Burma was represented. It is true that, at the end of the First Round Table Conference, Great Britain was entitled to hold that Burma wanted separation. She was entitled to hold this view, because Sir Charles Innes had deliberately chosen four gentlemen of separationist tendencies. After all, I cannot claim that the public of Great Britain or the Prime Minister or anybody else in the Houses of Parliament was not being misled by what Sir Charles Innes had done. But by the time the Second Indian Round Table Conference was convened, surely at least the Government of Great Britain were in possession of knowledge which would have enabled them to hold the view that there were at least two shades of opinion in Burma; and yet, probably at the instance of the Burma Government, they held the Second Round Table Conference without inviting anybody from Burma. That was rank injustice. Not content with that, they held a separate Burma Round Table Conference and that was a greater injustice, for the reason that, before Burma had been separated from India, they had separated the Burma Conference from the Indian Conference. (Hear, hear.) We protested, but our protest had no weight. I could not come to this House on that occasion. After all, this House had given me one chance and I had taken full advantage of it. I could not very well come and pester this House again to give me another opportunity. That would not have been fair.

In spite of our protests, in spite of great efforts on my part to bring about a boycott of the Burma Round Table Conference, so far as the anti-separationists were concerned, the anti-separationists who had been invited did go to the Burma Round Table Conference. The House might desire to know how many anti-separationists went to the Burma Round Table Conference. There were 12 delegates out of a total of, I think, 21—12 delegates chosen from amongst the Burmese community in Burma. One would have expected, since there were two opposite camps in Burma, that the Government of Burma would have advised the Government of Great Britain to choose six from each camp. But no; there were four men chosen from our camp and eight from the other camp. We were allowed to play with dice, but the dice were loaded against us. But out of these four, when the delegates came back from the Burma Round Table Conference, to my great consternation, three suddenly turned separationists. What happened in England or what happened on the way, I do not know. So that out of 12 Burmese delegates who went to England to attend the Burma Round Table Conference, and out of the four who were anti-separationists when they left the shores of Burma, only one came back to the bosom of our party. That, Sir,—in fairness to him I ought to mention his name—was U Chit Hlaing, a man who adhered to his opinion throughout, who came here last month, and who is the President of one of the three General Councils of the Burmese Association in Burma.

Sir, after the Prime Minister's speech, you will remember, there was yet another debate originated by a representative from Burma in this House. Mr. Jehangir K. Munshi, on the 17th March, last year, moved a cut motion that the demand under the head "Executive Council" be reduced by Rs. 100. The cut motion was withdrawn, but we did get what we wanted from the mouth of the then Leader of the House, Sir George



[U Kyaw Myint.]

Rainy. That particular event is only a year old and so I will not detain the House by reading extracts from any of the speeches delivered on that occasion. And, then, in November last, we had the General Election in Burma. That, Sir, is the third Act of the Tragedy of Burma.

At the General Election, the issue before the country was quite simple. The Prime Minister himself had stated the issue quite simply. I will not quote from his speech, but this was in effect what he said at the end of the Burma Round Table Conference: "I have drawn a picture of the future Constitution of Burma on the assumption that it is going to be separated. If you want to be separated from India, if you do not want to go into the Federation, there is the picture of the Burmese Constitution. If, on the other hand, you want to enter the Federation, I will not say 'no' to it." It was very fair of him to say so; if I may use a term, that is not perhaps quite Parliamentary, it was a good sporting offer. After all the decision was in our own hands. We could take separation if we liked the Constitution that was prepared for us or we could reject separation and enter the Indian Federation and trust to the future. That was a fair proposition and I do not think the Prime Minister could have done anything more for us. There were two camps in Burma and he recognised both camps. He could not tell—no one could tell in those days—which camp was the stronger and who were in the majority, and all he said was: "Here are two opposite factions, let them fight it out in the General Election". A very fair proposition, indeed. We fought the General Election.

Going back a little, the Prime Minister's speech was delivered on the 12th January, 1982. We had ample time to organise ourselves and we did. On the 2nd July, 1982, there was founded in Burma the All-Burma Anti-Separationist League. I offered my services as Secretary and I became on the 3rd July, 1982, the Secretary of the All-Burma Anti-Separationist League. But splits and dissensions are not peculiar to India. Within a very few days there was a split in the camp and within a very short time indeed there were two organisations each calling itself the All-Burma—with emphasis on the "All"—Anti-Separationist League. Naturally I could not be Secretary of both, so I remained the Secretary of one; and the President of that particular All-Burma Anti-Separationist League of which I was the Secretary was Dr. Ba Maw who also came on the delegation last month. The other All-Burma League was led by U Chit Hlaing whom I have already mentioned. And, owing to the personal jealousies—it is a hard word to use—that existed between these two organisations with the same policy, there were curious happenings just before the election and during it. In many constituencies, for example, to our harm, we found more than one anti-separationist standing, while there was a single separationist seeking election. So that there were, I think, seven or eight constituencies where the fight was sterner as between one anti-separationist and another than as between either of these anti-separationists and the separationist. In spite of all these happenings, in spite of these dissensions and these personal jealousies, at any rate on the day the election results were announced we were in the majority. We had nollod about 80 per cent. of the total number of votes and we had brought into the Council a large majority. I cannot say it was an overwhelming

majority, but it was a really large majority. Out of roughly 80 elected seats we had captured over 50; and it was then, Sir, that the curtain rose on the fourth Act of the Tragedy of Burma. We were in a majority in the Council; the Prime Minister in his famous Statement had given us a choice and the time had arrived when we had to make that choice. How did we make it, Act IV, Scene 1?

If I might refer back a little, as Secretary of the Anti-Separation League I issued a Press statement, and if the House will forgive me and if you, Sir, will forgive me, I propose to read two paragraphs out of that statement. This was a statement I issued to the Press on the 9th July, 1932, seven days after the Anti-Separationist League had been founded.

12 NOON. I was referring to the various resolutions we had passed at what we called the All-Burma Anti-Separationists' Convention held at Rangoon on the 2nd July. There was one resolution which gave birth to the Anti-Separationist League and there was another resolution which explained our attitude. If you will permit me, Sir, I will read a short extract from this statement:

"The efforts of certain persons who wished to bring about concerted action amongst the Anti-Separationists in Burma culminated in the All-Burma Anti-Separationists Convention which took place at the Jubilee Hall on Saturday, the 2nd July, 1932. . . At the Convention, a resolution was passed, amongst others, to form the All-Burma Anti-Separationist League under the control of the Sanghas (Priests). In accordance with this resolution, the nucleus of the League was formed on Sunday last, consisting of 20 persons, among whom were representatives of the three General Councils of Burmese Associations and also of persons not attached to any one organisation."

Skipping a few paragraphs, I explained one resolution about the proposed Indian Federation as follows:

"There was one other resolution passed at the Convention to the effect that the Anti-Separationists of Burma resent the attitude of the British Government as regards Burma's entry into the Indian Federation. We realise that the choice before the country at present is Separation on the basis of the Constitution offered in the Prime Minister's statement or Federation. But, to our minds, the real issue is whether we should separate on the present terms or not.

The Indian Federation is still in the melting pot. Owing to the action of the Governor of Burma in sending only four Separationist Delegates to the First Indian Round Table Conference, and their acceptance of the principle of separation at that Conference, the subsequent proceedings of the various Committees following these Conferences have been conducted *ex parte* as against Burma. No one from Burma has been on any of the various Committees; nor has any delegate from Burma been invited to the Second Indian Round Table Conference.

We are of opinion that the attitude of the Burma Government as regards separation has been unfair. It is the function of a Government, when the decision of any particular question is left to the people to take no part in the controversy and to indulge in no propaganda for either side. In view of the fact that, since the acceptance of the principle of separation by the four Burma Delegates to the First Indian Round Table Conference, all subsequent proceedings have been carried out on the assumption that Burma will be separated from India as a matter of course (which, in view of the protests in the Legislative Assembly, the Karachi Congress and at various Mass Meetings held in Burma was totally unwarranted). We claim that, if, in the coming elections, we carry the day, we shall have the right of discussing how we should enter the Federation and on what terms. We give due weight to the recent statement of the Secretary of State for India. At the same time we give equal weight to the Resolution passed at the Karachi Congress in March, 1931, in which the Congress conceded to Burma the right to secede from the Federation if she should choose to enter it.

This aspect of the question requires not merely detailed study of the long course of events leading to the Prime Minister's statement about Burma, but also an intimate knowledge of political conditions in Great Britain, India and Burma. The issue we have kept clearly before ourselves since the Premier's announcement is, as I have stated above, whether we should separate on the basis of the constitution outlined in the Premier's statements or not."

[U Kyaw Myint.]

That was how I attempted to explain the attitude of the Anti-Separationist League on the 9th July, 1932. We were offered two things to choose from: on the one hand, separation with the Constitution outlined by the Prime Minister, on the other hand, a place in the Federation with all its implications. That was the issue on which we went to the country and that was the issue on which the country elected to the Council a majority of Anti-Separationists.

But all these things seem to have been forgotten as soon as the first Session of the Burma Council began on the 5th December. The events are so recent that I will refer to them very briefly. (I think I have taken over an hour.) On the 5th December, the first Session of the Burma Legislative Council began. Various motions were tabled and before these motions were tabled, we, as members of the Party which was in power, discussed these various motions. My suggestion—I may state it in this House without betraying any Party secrets—was that, since we had told the country that the real issue was whether we should separate on the present terms or not, we should content ourselves with tabling a motion merely for rejecting separation and trusting to luck for the future. That was not accepted. Various members of the party with legal experience, men like Dr. Ba Maw, who came here last month, and others, had ideas different from mine. By that time I had ceased to be an important member of the Party, because I was not a member of the Local Council. I was only a man who had an audience, perhaps, in India, but no audience in Burma. I resigned from that Party, the Party that I had formed, leaving it in the hands of Dr. Ba Maw as Leader. And what was the result? Act IV, scene 2.

The result was that on the 22nd of December, after 17 days deliberation in the Council or, making allowances for Sundays, after 14 days deliberation, we had that motion consisting of about 50 lines of print which you must have read, Sir, in the Press, if not elsewhere, and which I have read at least 50 or 60 times and which I have yet failed to discover the meaning of. At one time I thought that I could not interpret the motion which was passed by the Burma Council, because I had no brains, but I was indeed very joyful when on the 13th February Sir Samuel Hoare confessed in the House of Commons that he did not understand it either. That, Sir, is not the end, unfortunately, of the Tragedy, but that is the place where the curtain fell on Act IV, scene 2. We are now in Act IV, scene 3.

**Mr. President** (The Honourable Mr. R. K. Shanmukham Chetty): Is it a play in five Acts?

**U Kyaw Myint:** I really do not know how many Acts there are going to be, but we are still in Act IV, scene 3. If you will forgive, Sir, the phraseology of the playwright, U Kyaw Myint, M.L.A., the famous Anti-Separationist Leader, is discovered addressing the Legislative Assembly of India. That is where the curtain rises, and the curtain has been up for over an hour. Before the curtain descends on me, I would like to make one statement. I appeal to the Government of India, and through them to the Government of Great Britain, and this is the appeal I make to

them. I have alleged—this is the third time I am making allegation in this House—that the Government of Burma has been unfair to us. I make no such allegation against the commercial European community of Burma. My Honourable friend, Mr. Millar, is here. The European commercial community in Burma has left us severely alone. They have adopted practically the same attitude as the Indian National Congress: they have left us alone. I do not know whether they believe—my Honourable friend, Mr. Millar, will be able to tell me whether they believe—in self-determination, but they have left us severely alone, leaving us to determine the question ourselves. Neither on the one side nor on the other have they interfered, and for that I am exceedingly grateful to the community represented in this House by the Honourable Mr. Millar. But I do make this serious allegation against the Government of Burma, that the Government of Burma has interfered at every stage; and the last attempt on the Government of Burma's part was this: it occurred very recently: it occurred in fact on the 28th February last. One Session of the Local Council had ended with the motion of which neither Sir Samuel Hoare nor I could find the meaning. The second Session sat in February last, and that Session ended on the 28th February. It was the Budget Session. Nothing connected with the separation issue was on the agenda on any day, and yet on the 28th February, fifteen days after Sir Samuel Hoare had answered a question in the House of Commons, a certain gentleman, who is a member of the Council, solemnly gives notice of an Adjournment Motion to discuss the policy of the British Government as regards the future of Burma. If you, Sir, had been presiding in the Burma Council—which Heaven forbid: you are too good for the Burma Council, if I may say so—if you had been presiding over the Burma Council, when notice of that motion was received, you would not have taken any note of it. You would simply have read the notice and you would perhaps have called for some newspaper cutting or some other record of Sir Samuel Hoare's statement, and the moment you discovered that the Adjournment Motion was intended to give the House an opportunity of discussing something fifteen days old, you would have thrown that paper away. But did the President of the Burma Council do that? No. Why not? Because he was one of the four gentlemen who attended the First Round Table Conference at the invitation of Sir Charles Innes—namely, Sir Oscar de Glanville; and he solemnly proceeded not merely to give the Mover of the motion the opportunity he . . . .

**Mr. President** (The Honourable Mr. R. K. Shanmukham Chetty): Order, order. It is not proper in this House to discuss a ruling of the President of another House.

**U Kyaw Myint:** I stand corrected, and I must apologise to you and to the House. I was saying that a notice of an Adjournment Motion had been received and what happened was this. At the instance of the Government of Burma, the Session was prolonged by two days. The Session was to have ended on the 28th February; but it was prolonged by two days for the mere purpose of discussing a motion which was substituted for the original Adjournment Motion; and, on the day on which the motion was due to be discussed, two parties walked out of the House. One was a Separationist Party and the other was an Anti-Separationist Party; and

[U Kyaw Myint.]

the only thing that happened on that particular day was that the Mover of the motion, instead of moving his motion, asked for further time. Time was granted till the next day and on the next day this happened. The Mover of the motion wanted to criticise Sir Samuel Hoare for daring to say that he did not understand the motion passed by the Burma Council. He was not given an opportunity and, therefore, he contented himself with moving that motion, making no speech on it. The motion was passed; and that was the end of that particular scene of the fourth Act.

What the next scene is to be, I do not know; and whether there is going to be a fifth Act, I do not know. But I do know this, that Burma, whatever has happened, or whatever has not happened, is still a part of India; that until Burma expresses in a clear and definite manner that she wants to leave India, that she wants to be by herself, that she wants to sever her connection with India, until we do that in Burma, no Government, either of Great Britain or of Burma, would be justified in excluding representatives of Burma from any deliberations anywhere concerning the Indian Empire as a whole.

That is the appeal I make to the Government of Great Britain through the Government of India. True, it is our own fault that we are where we are at the present moment—neither on this side of the fence nor on the other. We are to be blamed for it. I accept that. I accept the blame without offering any excuse. We have got ourselves into a mess. Some of us have realised it. We cannot think of a way of getting out of that mess; but the fact remains, and the fact cannot be ignored, that we are still within the Indian Empire. Now, Sir, you know and Honourable Members, I think, know that the White Paper which is to be published a few days hence will not mention Burma, which means that Burma will not be represented on the Joint Select Committee. Therefore, we are exactly where we were on the 22nd December. There has been a threat by the Government of Burma of another election. There has also been a threat of holding a Special Session to decide once for all the question of separation. I do not know what the various Parties in Burma want, because I am no longer a member of any Party. I feel honoured in being a Member of this House, but I shall have to think really hard before I ever decide to become a Member of the Burma Council, or, at least, the present Council in Burma. What will happen to me in Burma I do not know. I said in the beginning that I was one of the worst-hated men in Burma, if not the worst-hated man. Whether I shall be able to do anything to help my country in her dire need, I do not know. I thought that, since the general discussion of the Finance Bill offers to Honourable Members of this House an opportunity of discussing almost anything under the sun, I should take this opportunity. I am grateful to you for allowing me to speak at such great length, and I am very grateful indeed to the House for allowing me to take over an hour. My only excuse is that the separation question is on my brain. (Applause.)

**Sir Abdur Rahim** (Calcutta and Suburbs: Muhammadan Urban): Mr. President, if I am going to speak on the Finance Bill, I feel that it is not possible for me or, for the matter of that, for any speaker not to repeat himself to some extent; and this is obvious, because the Finance Bill sums up the revenue position of the Government. Further, the

Budget of the Government of India presents the same general features from year to year; and this Budget, as I said on the last occasion, is a repetition of the Budget of 1931-32.

My friend, the Honourable the Finance Member, made a claim the other day that his budgetary scheme represents sound finance, and he repeated that claim more than once. I wish to say something on this claim of his. I should have liked to know from him—because there are very few people in this House if any who really understand finance and financial questions so well as the Honourable the Finance Member—what he really means by sound finance. The phrase itself undoubtedly will be accepted by every one in this House, but what is sound finance according to my Honourable friend, the Finance Member? Does it consist merely in balancing the Budget or restoring equilibrium, as the phrase is? Does it consist merely in finding money for the expenditure of the Government, whether current expenditure or capital expenditure? Is that the entire outlook of sound finance? I am sure, Sir George Schuster himself will say "decidedly not". Balancing the Budget is one aspect of sound finance, but there is a much wider aspect than that. He ought to have enlightened us, and we would have been very grateful if he had done so, on the wider aspects of sound finance. Sound finance is the backbone of a country's position, and as this is his last Budget, I for one, honestly speaking, would have liked to hear from Sir George Schuster what his conception was of sound finance for this country. I do believe that, if he had held us in plain straightforward language what would really be sound financial arrangements for India, it would have been of very great help to his successors. Let me try to understand the position in my own way. It is not merely balancing the Budget of a country like this with her teeming millions that is our concern; the Finance Member has got to think of something beyond balancing the Budget. If from year to year the Finance Member can think of nothing else, even balancing the Budget will be impossible for him in course of time. We are passing through what has been called world depression, but apart from any world depression, if Government do not increase the resources of the country, if they do not increase the productive power of the country, they cannot even go on balancing their Budget. The Finance Member must come to a halt; he will be faced with a stone wall on which he can make no impression whatever. Every one from year to year has read the speeches of Finance Members who have been holding office from time to time and the financial schemes that they have been putting forward, but on very few occasions indeed there have been any serious attempts made to increase the productive power of this country. I know there has been talk at times, but it has remained a talk all this time. And, Sir, if there had been no world depression, even then we would have been faced with an impossible situation. I have not the time, nor do I desire to review the administration of the finances of the country during the term of my friend, Sir George Schuster, but I must say, whether through bad luck or otherwise, things have been steadily going from bad to worse, during recent years.

Sir, what is the expenditure of the country? The expenditure of the country, as Sir George Schuster himself pointed out, consists almost entirely of military expenditure and debt services. These two swallow up the revenues of India. The revenues of India are extracted now at any rate by extremely heavy and oppressive taxation, taxation not only in the form of a heavy income-tax, but in the form of heavy tariffs as well.

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One result of it on several classes of commodities of imports is to kill the trade or to cripple it to a very considerable extent. The debt service is such a heavy charge that I should have expected, and the country does expect, the Finance Member to find out ways and means to get out of the situation in which we are placed. Sir, it has been assumed as an inevitable fact that it is India's destiny that she should be a debtor country to Britain. We know that we are paying interest from year to year, and some sort of sinking fund has been established, but I should like to know from Sir George Schuster how long will it take to redeem India from her present indebted position? Is that ever possible? I wonder if it is even desired by the Government of India. What then is the aim of the Government of India? I should like to have an explicit statement on this point. I do not mind what time it takes, but is there any prospect held out to India that she will be redeemed from her position of a perpetual debtor to Britain or any other country? Sir, instead of trying to rectify that position, more and more debts are contracted. What for,—to spend on railways mainly. I am not talking of the conversion loan. That stands on a different footing. Nobody quarrels with that,—but the loans that are generally floated in Britain as well as in India are mainly for the purposes of railways. Sir, even railways, however useful they are as means of communication, cannot solve the position. So far as a means of transport of goods and merchandise from one part of the country is concerned, we know that railways cannot compete with distant countries who have their own shipping thousand of miles away. That fact cannot be controverted. For instance, to take wheat from the Punjab to Bombay or to the port of Calcutta the cost is greater than the cost from Australia to London. One hears complaints every day from merchants that the heavy railway freights stands in the way of proper movement of the goods of this country.

As regards the railways being a productive proposition,—that proposition, laid down by my friend for all capital expenditure,—we know that there is a steady fall in railway revenues, with the result that the depreciation fund is fast disappearing and it is a problem which I believe even the Government have got to consider very seriously as to what should be done to enable the railways to pay their way.

Sir, as regards the general proposition that capital expenditure must be productive, I should like to hear from the Honourable the Finance Member what he actually means. Does he mean by this phrase that such expenditure must bring in a certain amount of income? If that is so, then I do say with all confidence to this House that that is a very narrow outlook indeed. The Government of India must take a broader view in this connection and for capital expenditure they must not confine themselves merely to schemes which immediately bring in dividends but look to what will ultimately result in increasing the productive power of the country. (Hear, hear.) I know that this is not the commercial principle, but the Government of India are not a commercial body, and we do not want the Government of India to confine themselves to a mere commercial outlook. The Government of India have to look to the interests of millions, not merely how to balance the Budget, but they have to see that they are able, by their financial policy, by their economic policy to improve the general condition of things in the country, improve the life of the people. That is the outlook which the Government of India should adopt, but which I am afraid they have seldom adopted. I

should like the Honourable the Finance Member to define what he had in mind when he said that the primary condition for a policy of capital expenditure is that it should be productive.

Now, Sir, the elementary principle as regards the Budget situation is that you must find money to meet the expenditure. That depends upon what the expenditure is. The expenditure may be so great that you cannot find the necessary amount to meet it without affecting the ordinary lives of the people and seriously hampering the commercial life of the country. Therefore, taking the position as it is, the Honourable the Finance Member was perfectly right in laying stress on the question of expenditure of the Government of India. I and most of my colleagues on this side of the House must express our thanks to him for having appointed several Committees in order to overhaul the expenditure of the Government of India in all its Departments. The Sub-Committees did their best within the opportunities allowed to them. A Sub-Committee was appointed for the purpose of going into the military expenditure, but unfortunately its scope was strictly limited. It was not to go into the question of the personnel and other kindred matters—equipment, mechanisation and matters of that kind. That Sub-Committee were not to go into those questions. They were simply confined to the administrative or ancillary and auxiliary services. Now, I protest against that. Why should we, Indians, for whose defence the army is maintained,—why should we, the exponents of public opinion in this country, be debarred from having a glimpse into the organisation of the Army, its size, its equipment and all those other things which cast so much burden on our country? What justification is there? Cannot we be trusted to regard matters which must be confidential as confidential, matters which intimately affect the defence of our own country. If that is the attitude of the Government of India towards us, what hope is there for the future Government of this country? I think the Honourable the Finance Member would have been well advised if he had left the whole question of reduction of Army expenditure open to the Army Sub-Committee. He had chosen the men who were to sit on it, and he ought to have trusted them as much as possible. I know they were all laymen, but they could have got some Indians also with knowledge of the military organisation. Even laymen, however, if things are explained to them by experts, can understand army question. Could not my Honourable friend, Diwan Bahadur Ramaswami Mulaliar, grasp any Army problem that was presented to him? Supposing the experts explained the position regarding the equipment of the Army, regarding the strength of the various forces, the various units, the flying corps, the tank corps, the infantry regiment, the cavalry, and all that,—is it to be supposed for one moment that he could not grasp the problem if the military authorities explained it to him? And could he not be trusted to keep his counsel regarding those matters? Sir, it was a serious mistake on the part of the Government that they should have limited the scope of the Army Retrenchment Sub-Committee in that way.

Now, I come to the Railways Retrenchment Sub-Committee with which you yourself, Sir, were associated. I do not think initially the scope of that Sub-Committee was defined, but at some stage or other that Committee was asked to limit its enquiry only to certain matters, certain comparatively small expenditure mainly relating to the Railway Board.



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There, again, the objection that was made was that the railway organisation, the running of trains, the workshops and all the other things that entail expenditure in the railways, were matters for railway experts. I do not deny for one moment that you must have the advice and help of experts in these matters. But the public are also entitled through their representatives to have a look into these things and to bring the view points of the public to bear on these problems so that the expenditure may not be excessive, may not be unreasonable, and may not be such as to make the railways a losing concern. Surely, there are many matters in connection with the railways with which members of the public are familiar, and they could help the experts themselves with their advice as to the way the public could be attracted to travel, as to what deters the public from making a greater use of the railways, or how the Railway Administration could be improved so as to be of greater service to the mercantile public. The representatives of the public would have been able to throw a good deal of light on these questions. The experts undoubtedly within their own province are the best judges and they would be able to advise the representatives of the people as to the mode of operation of the Railways and other technical matters of which they have much greater knowledge than any member of the public could command. Therefore, I do say it was wrong to stop or to limit the scope of the inquiry of the Railway Committee. The Railways spend nearly half the amount of the revenues of India, and surely there can be no doubt that their working could be so carried on as not to cause such heavy losses as the railways are actually showing.

So far as the Posts and Telegraphs are concerned, I believe the inquiry was exhaustive and complete. I have no complaint to make on that score. I may be mistaken. Perhaps my Honourable friend, Sir George Schuster, will be good enough to correct me if I am wrong, but I do not think their scope was limited. As regards the Civil Departments, with which the General Purposes Sub-Committee had to deal, they managed to go through all the Departments that were originally intended to be placed under their purview. The Government have accepted many of their recommendations and, as regards the Foreign and Political Department, I have received a statement of the reductions which have been accepted by the Government. They amount to 71 lakhs, while our recommendations amounted to a crore and 21 lakhs leaving out the North-West Frontier Administration. I was glad to hear from the Foreign Secretary that as regards the best of our recommendations his Department has kept an open mind and will consider what further reductions are possible. Then there is the question of the fixation of pay for future entrants. The Government have chosen to place that also in the hands of an official. The Honourable the Finance Member consulted us after that gentleman had gone a considerable way in collecting figures and formulating a scheme of his own, as to what our attitude on the matter was. We could not of course accept any responsibility for the conclusions which the expert might arrive at and we made it clear that if it was desired by the Government that the public should be satisfied as to the way in which the pay of the future entrants to the services should be fixed, there would have to be a fairly exhaustive inquiry into the whole matter. The Government were apparently of a different view and they were content to rely entirely on the advice which their expert will give them. That is how the question generally stands.

The Honourable the Finance Member knows very well that opinion in the country regarding army expenditure is very strong and firm. We realise and we appreciate the great efforts that have been made by him in inducing the military authorities to bring down their expenditure. It has been brought down, I believe from 52 crores to 46. That is, by six crores, but I must tell him quite plainly that we are not satisfied with this position. We believe and the Indian public believe that it is capable of further substantial reduction. We are ready to give further help in the matter and, if it is not availed of, it is not our fault. My Honourable friend, Mr. Mudaliar, has pointed out how, as regards two army services, the only two matters which he dealt with in his last speech on the subject, the engineering services and the medical, a great deal more economies could be made, that the administration requires overhauling and that if the administration of these two services is properly overhauled, there will be considerable saving to the Military Budget. We did not hear anything in reply from the Army Secretary on that point. We assume, therefore, on the authority of my friend, the Diwan Bahadur, that there is considerable room for saving in those services. These, however, are only a fraction. We assume further that there is room for substantial reduction in other military expenditure. We believe, for instance, there is a great deal of money being unnecessarily wasted in the Frontier. We should like to have a proper investigation of that also that the country may be satisfied that all the operations that go on there from time to time are justified. We shall, on the whole, proceed on the assumption that there is room for further substantial saving in the Military Budget.

Leaving the question of expenditure, let me say one or two words regarding the tariff policy. We were so far familiar with the phrase "discriminating protection" and latterly we became very familiar with questions of preference; but my Honourable friend, the Finance Member, has introduced another phraseology—that is revenue duty with protective significance. What is that protective significance? Does that significance relate merely to voting in this House? Sir, we would like to know something more in detail from him on this point. If a duty is imposed for revenue purposes, we should call it a revenue duty and deal with it as such. If it is imposed for protective purposes, to protect certain industries, then very different questions arise and we must bear a number of considerations in mind when dealing with it. As regards protective duties, we have a Tariff Board. There is to be an inquiry by the Tariff Board so that we may have all the relevant facts and figures before us before we can deal with a matter of this character. I do not suppose that in connection with proposed duties on silk and artificial silk, in connection with which he used that phrase, there has been any inquiry by the Tariff Board. Every revenue duty, if it is sufficiently high, has, it is true, a certain protective significance; that is to say, if there are industries growing in this country of a similar nature, they profit by these duties, because they are enabled to compete on easier terms with the foreign imports. Perhaps my Honourable friend will give us facts and figures relating to these duties—I mean on silk and artificial silk—which inquiries that have been made, the evidence he is in possession of as regards the effect of the duties on the silk industry of India.

Then, we have, time after time, year after year, till we feel almost wearied, protested against tax on machinery and raw materials. Perhaps the position of the Government is that these protests have been so often

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repeated that they need not take any notice of them! But we, Sir, cannot adopt such an attitude of indifference. We must go on hammering and hammering till we get relief, till we save our industries, till we can save the poor tax-payer of this country, because, after all, all these taxes ultimately fall on the general public. Therefore, I do say that, because certain questions have been discussed *ad nauseum* in this House and on which moreover there is no divergence of opinion in the country, that is no reason why the Government should treat our demand with contempt and disregard it altogether saying "Yes, all these things have been said before; we have heard it, and we have decided otherwise". Sir, we cannot acquiesce in that attitude of the Government.

I wish to allude to another question which is not a burning question at the present moment, but which, I am sure, will come up before the Assembly in the near future. I mean the shipping trade. We have asked the Government to see that whatever shipping trade there is in the country is not prejudiced by any hostile action from outside. It is a very important trade. On another occasion I alluded to it. I pointed out that it is almost inconceivable that a country like India should have no shipping of its own worth speaking of. I would like to know what the Government have been doing to encourage the growing of a shipping trade in India.

Now, these are only some of the directions in which the Government of India and the Honourable the Finance Member can help the productive capacity of the country, can help India to produce more revenues, and not merely by putting tariffs which must more or less hamper commercial activities of the country. Before I advert to the question which was raised by my Honourable friend, Dr. Ziauddin Ahmad, let me point out what has been the state of the industry of the country within the last four or five years. Take the balance of trade. India being a debtor country, as we know, requiring a large amount for her debt services, it is absolutely essential, unless she is to go bankrupt, that the trade balance of India must be a heavy one in her favour. Indeed the Honourable Sir George Schuster, in his own eloquent words, pointed this out in his speech at the Ottawa Conference. Sir Henry Strakosch, his colleague, also pointed out that India having been a debtor country, we must see that her trade prospers, because that is in the interest of Britain herself. Now, what we find is this. Take the figures from 1929-30 to 1932-33. The imports were:

In 1929-30	.	.	.	were	233 crores.
„ 1930-31	.	.	.	„	158 „
„ 1931-32	.	.	.	„	119 „
„ 1932-33	.	.	.	„	110 „

A gradual decline, and, if you look at the exports, you will find the figures even more significant. The exports were:

In 1929-30	.	.	.	were	311 crores.
„ 1930-31	.	.	.	„	220 „
„ 1931-32	.	.	.	„	136 „
„ 1932-33	.	.	.	„	108 „

That is to say, if you compare the figures for 1932-33 with the figures for 1929-30, it is one-third! (Mr. S. C. Mitra: "Sound finance!") What is the result? The balance of trade in merchandise—I am giving only the figures relating to merchandise—was this:

In 1929-30 the balance of trade in favour of India was	78 crores.
„ 1930-31 „ „ „	62 „
„ 1931-32 „ „ „	35 „
„ 1932-33 the balance is against India by	2 „

Sir, we all realize that India, by the export of her gold, has enabled my Honourable friend to balance his Budget. Sir, I do not wish to say anything more now regarding the export of gold than that. It is unfortunate that my Honourable friend, Sir George Schuster, has found it necessary to establish a conduit pipe between England and India for the gold to flow from India into Great Britain. It is unfortunate, Sir, that

1 P.M. it has fallen to the lot of my Honourable friend to do so. Sir, whatever arguments the capitalists may put forward, I cannot feel easy at the prospect of India denuding herself of all her gold. Gold is a reserve: every country recognises that, and it is a very valuable reserve in times of need. Even in prosperous times, it is very important. Take an ordinary household. If the household is prudent enough, it lays by something for the future. Similarly if there is a certain quantity of gold in the country and in the coffers of individuals, either in its original shape or in the shape of ornaments, it is, as we all know, a reserve and is brought out in times of need. To my mind, it is a disquieting situation that gold to the tune of 70 millions should have gone out of this country between the short period since England went off the gold standard and the rupee was linked to paper sterling. Sir, I am perfectly conscious that to develop the wealth of the country by improving its economic condition, time is needed. It cannot be done in a day. I admit that the Budget has to be balanced in the meantime and we have to make the best of the existing situation. But surely some time or other the Government must make an effort to increase the productive capacity of the country, otherwise Government cannot go on balancing the Budget with the limited resources at their command. For this purpose, not only is a properly thought out plan necessary—I know the Honourable the Finance Member is fully conscious of the necessity of a proper economic plan—but we also need other measures besides. For instance, as my Honourable friend, Dr. Ziauddin, pointed out yesterday, we have to train the people simultaneously in order to fit them to be more efficient producers of wealth. Sir, education is making rapid strides in every country except India. The masses remain illiterate and ignorant, superstitious and inefficient. What about the literate or the so-called educated classes? Dr. Ziauddin, who is an authority on educational matters, has pointed out that what you call the secondary school education is hopelessly defective and it can lead the country nowhere. Now, Sir, is there any effort being made to remedy the situation? We shall be told that that is a provincial subject and, therefore, Government of India is exonerated from all responsibility in the matter. I do not accept that position. The Government of India do recognise their responsibility, because there is an Education Department in the Government of India themselves. The same applies with

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respect to industries, as there is a Department of Industries in the Government of India themselves. Unfortunately, however, they have either no policy or desire to put forward a proper scheme of general education of industrial and technical training.

Sir, I do not think I can usefully take up any further time with the Finance Bill. Let me just point out what procedure our Party is going to adopt. I am not speaking merely of the Independent Party, but, I think, on behalf of the Non-Official Members generally on this side of the House. The procedure that will be adopted is this. We shall make a reasonable estimate of what savings can be effected in the expenditure of Government and then we shall reduce taxation to that extent. In reducing taxation, we shall, first of all, consider what are the taxes that tell most heavily on the poor and men of very limited resources and, in the second place, what are the taxes which cripple the industrial activities of the country. In this connection we are receiving representations from various bodies and persons engaged in various trades as to the taxes which are hampering them in their activities. Now, Sir, having made an estimate of our own, because we have not had the assistance of the Government in the matter as to what further reduction of expenditure is possible, we shall reduce the Tariff Bill in that proportion.

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

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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.

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**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): Sir, I do not propose to take much time as I am anxious that we should conclude at least by this evening the general observations that we are making on the Finance Bill. But I am just going to put one or two questions to the Honourable the Finance Member.

Sir, as a layman going through his speech so full of arguments, not only for his side, but also for my side, I thought I might develop some of the arguments on my side which the Honourable the Finance Member has mentioned and combated. I am not convinced of the reasons that the Finance Member has given for the non-prohibition of the export of gold. I know the Honourable the Leader of the European Group invited him to put an export tax on gold and in doing so he and other Members from this side expatiated on the distress gold that comes into the market for sale. Whether distress gold, or for that matter hoarded gold, so far as it is non-monetary gold, I at any rate am prepared to welcome the coming of that gold for sale into the market. I, Sir, am very pleased that on this occasion, owing to the high price of gold, because of the depreciation of the rupee, the hoarded gold and the non-monetary gold came into the market. This is proof that India has not got that very much maligned habit of hoarding. Western economists, as the Honourable the Finance Member is no doubt aware, have in season and out of season in all their writings accused India of having developed the hoarding habit. They had always stated that once gold goes into India, it will

not come out of India. Sir, the habit attributed to the Indian women of wearing golden ornaments and not parting with those ornaments has now been curiously enough developed by the biggest nations and Governments of the world. They are even worse than Indian women from the point of view of love of gold. For instance, the case of the United States of America is a glaring one. Whether it is in the vaults of the western banks, the banks of France or America, or on the necks of Indian women, gold, when it is hoarded, is hoarded gold. It is of no use when it is not allowed to circulate, when the precious metal ceases to be the medium of currency and when it is used purely for ornamental or hoarding purposes. Therefore, Sir, I do not share the opinion or the regret or the lamentations which have been indulged in by Honourable Members regarding the coming out of gold, non-monetary gold, into the market. But I have a grievance which I must very strongly express that Government have not used this opportunity to mobilise that gold for the purpose which they have themselves in view. For, Sir, ever since the Currency Commission reported, ever since we read the Hilton-Young Commission report, the one subject that has been very much to the fore is the subject of a Reserve Bank for India. And the Round Tablers gave a lot of attention to this subject. Lord Peel spoke upon this subject, Lord Reading spoke on this subject, and so has Sir Samuel Hoare spoken upon this subject. We have the Finance Sub-Committee report of the third Round Table Conference in which it is stated that a certain amount of gold must be accumulated; there should be an accumulated reserve of gold before a Reserve Bank is established. And a Reserve Bank must be established before the country is to have financial control and before you think of self-government or responsible government for India. Sir, that being the condition precedent, I would ask the Honourable the Finance Member to tell us why he did not take this splendid opportunity brought about by the depreciation of the rupee and the rise of the price of gold in terms of that rupee as a result of which every one in the country who has been hoarding gold, either in the shape of ornaments or otherwise, brought the gold into the market. Was it not the time then, Sir, for Government to place an embargo on the export of gold by private individuals? I do not for a moment say that Government should have compelled private individuals not to part with gold. No; they could have encouraged private individuals to part with gold, but there could have been no greater occasion than this,—I at any rate do not know of a greater opportunity within the last so many years,—when so much of gold came into the market. And, instead of placing an embargo, instead of mobilising the reserves specially in view of the Finance Member's coming Reserve Bank Bill, the resources of the country have been dissipated. Sir, I wish that Government had taken something in the nature of a mountain-top view of the future, mobilised the resources, bought all the gold and then dealt with the situation themselves. They could have either parted with gold if they thought it necessary or entered into certain transactions keeping the gold in this country, as other countries did in other times when they placed embargoes on gold.

**Mr. K. P. Thampan** (West Coast and Nilgiris: Non-Muhammadian Rural): They wanted to help England and save the situation there.

**Mr. C. S. Ranga Iyer:** My Honourable friend, Mr. Thampan, says that they wanted to help England to save the situation there. I, as a student of finance, recognise that India's financial credit is dependant on

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England's financial credit, and, so long as I am committed to a programme and a policy of self-government within the Empire, I at any rate will not deny help to England if England wanted that help and so long as . . . . .

**Mr. B. Das** (Orissa Division: Non-Muhammadan): If we are in a position to give that help.

**Mr. C. S. Ranga Iyer:** My Honourable friend, Mr. B. Das, represents the view of the Independent Party to which he has the honour to belong when he says: "if we are in a position to help England". My whole position is this. *We could have helped England without sending the gold away from this country.* So long as India was part of the British Empire, there was no necessity to send this gold out of India. So long as India had gold in her banks, so long as the British Government in India preserved that gold, so long as gold was not dissipated, the question of helping or hindering England does not arise.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Which side did you vote for when this question about the export of gold was raised in Simla?

**Mr. C. S. Ranga Iyer:** The Honourable Member should brush up his memory. Which side I voted he ought to know, and which side I spoke for he ought to know. He should not ask me to waste the time of the House answering questions, because I at any rate do not want to indulge in the luxury of taking up much time of the House. Nor do I like these interruptions. I am talking on a difficult subject; the interruption is very easy for Honourable gentlemen on the Independent Benches, like Mr. B. Das and Mr. Maswood Ahmad, but the subject is rather a difficult one for me. I am a layman and I do not lay claim to expert knowledge, and all these interrogatory inflictions only take away my ideas from the subject. I voted in Simla on the right side, and I speak today on the right side, and I believe that even the Honourable the Finance Member in his Budget speech, if the Honourable Members had read it carefully, had tried to meet our point of view, and if they were present when I began speaking, Sir, the Honourable gentlemen would have understood that I said that some of the observations that the Honourable the Finance Member had made by way of meeting our arguments did not convince me. I wanted some light to be thrown on these points. I ask for light and more light. I hope the Honourable the Finance Member will realise that he should not open himself to the charge at a later stage that the *bona fides* of the Government are in question, because they dissipated the gold resources of this country and they did not accumulate and acquire sufficient gold for purposes of introducing a Reserve Bank. (Applause.)

**Mr. C. F. Grant** (Burma: Nominated Official): Sir, I feel a great deal of diffidence in addressing the Assembly on this matter, as I confess I did not anticipate that a speech on the subject of the separation of Burma would be made at this morning's debate. I do not know whether the complacency with which the House received the remarks of my Honourable friend U Kyaw Myint, was due to astonishment, or to the fact that his oratorical arts so entranced them that they did not perceive that there was some

difficulty in connecting these remarks with the Finance Bill. U Kyaw Myint himself, Sir, was kind enough to indicate that ~~he~~ himself had felt some difficulty in bringing his obsession, as he termed it, into the discussion, and therefore, Sir, I do not propose to inflict myself, in my answer to him, on this House for a very long period. I shall naturally leave to the Honourable the Finance Member that part, the somewhat short part, of the speech which dealt with financial questions. I shall only say that I anticipate that the Honourable the Finance Member will find no difficulty in agreeing with U Kyaw Myint in his confession that he is not an expert in financial matters. I am not here to speak in any way as an advocate for the separation of Burma—nor to open, nor to continue a debate on separation. I want only to deal with what I would like to call another obsession of my Honourable friend, and that is his obsession against Sir Charles Innes.

Now, I believe I am speaking to an Assembly in which during long service Sir Charles Innes earned respect and liking, and, therefore, I trust that my remarks will be received with sympathy. I do not say that in what the Honourable U Kyaw Myint said today there was anything to which one can reasonably take exception, but in parts it had an unfortunate connection with a previous speech of his from which I believe he quoted today and in which he made an attack upon Sir Charles Innes which was resented in Burma. It was also regretted that no answer was made at the time. I am not able to traverse at length that speech, because I only received the volume in which it is printed when I had already got on my feet to speak. I had no idea that this question would arise today and, therefore, had no references ready. I will, however, only say that in Burma that attack was regarded as incorrect in fact and as unjustifiable and bitter in tone.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Which part of Burma may I ask?

**Mr. C. F. Grant:** I am sorry that as I only have just received the volumes of speeches, I do not think I can expect the House to wait while I search for the references. I assure Honourable Members that the attack is as I have described it, and I think that Honourable Members who were present on the occasion of the attack would not have any difficulty in identifying the passages.

**Sardar Sant Singh** (West Punjab: Sikh): Will the Honourable Member kindly read that part of the speech?

**Mr. C. F. Grant:** I regret my inability to comply, Sir. I had every intention of quoting, but as the volume has only just come from the Library, I am not in a position at the moment to do so.

The next point which I have to deal with is that I congratulate my Honourable friend, U Kyaw Myint, on his frankness and the change of tone in his speech today. I have no exception to take to what he said: he is as fully entitled to his opinion in these matters as I am to my own. I will, however, mention one matter in which he did seem specifically to criticise Sir Charles Innes, and that was what he termed the inadequate representation of the Anti-Separationist Party or Parties at the Burma Round Table Conference. Well, Sir, he admits that they had four representatives, and that three of them changed their minds. If he had had



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eight representatives, would he have been more consoled if six of them changed their minds? In fact, if the whole of his party had been at the Round Table Conference, the Party might have practically disappeared. He has every reason to be thankful that he had so small a representation at the Burma Round Table Conference. It has been a matter for regret that these attacks on Sir Charles Innes were not answered at an earlier stage, but there is this advantage in the delay that my answer to them is in no way official *apologia*. Sir Charles Innes has departed from Burma, I myself have no great stake left in the province and I am personally glad to have this opportunity of defending him. I think that the sympathy of this Assembly will not be extended to any one who attacks a Governor like Sir Charles Innes, whose devotion to duty and zeal for the province, during difficult times, was the subject of admiration to us all. My Honourable friend, whom I am answering, then passed on to deal with the meeting of the Burma Legislative Council in December and subsequent events, for which it is not possible to lay any blame on Sir Charles Innes. He was perfectly frank and I congratulate him greatly on the frankness of his attitude concerning these events. As a matter of fact, Sir Charles Innes had left the province before the Resolution, that somewhat strangely worded Resolution, was passed by the Burma Legislative Council. Now, Sir, the Honourable gentleman condemned his fellow countrymen in this matter. I am not greatly concerned to defend them; but I have always looked on that Resolution with a somewhat indulgent eye. I have regarded it as a result of fifteen years of political education in which the Burmese have done their best to copy the most approved European standards—I mean that in times of doubt and difficulty they have endeavoured “to find a formula”. They found a formula and this time no one can understand it. But some of the formulæ which we have heard of at Conferences in advanced Europe might very well answer the same description. So I trust that Honourable Members will not be too hard on the state of political education in Burma, because in this case the disjointed nature of the framework is somewhat more visible than in the more polished efforts of European statesmen. I think, Sir, if you read that Resolution, you will find in it what you will find, expressed or implied in many other post war agreements,—namely, each party’s desire that its own view should at least find a place, so that it might claim that that is the main view and the one deserving general acceptance. Of course it is difficult to interpret a Resolution which contains at least four different and conflicting views.

Just one word to end with. My Honourable friend opposite took a somewhat pathetic farewell of the Assembly, and said he was returning to Burma to meet his fate, whatever might be in store for him . . .

**U Kyaw Myint:** But I will come again.

**Mr. C. F. Grant:** I think I remember a somewhat similar passage in his speech in September, 1931, when he went back to face wild beasts at Ephesus in the cause of anti-separation. Yet we see him here cheerful and in good health still, and, I am sure, this Honourable Assembly hopes that next Session it will see him here again, as cheerful and as persuasive as ever—and with another obsession gone. (Cheers.)

**Mr. A. H. Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, one of the striking stories with regard to the public finances of India which we have just listened to on the floor of this House this year was what my Honourable friend, Sir George Schuster, told us the other day when he introduced his Finance Bill. He gave an excellent review of the budgetary position at this most difficult period when a wave of economic depression was passing all over the world. Sir, a depression of this unprecedented magnitude must put any Finance Minister at his wits' end to find ways and means to balance his Budget. Sir George Schuster's emergency plan of September, 1931, produced budgetary equilibrium for the two years 1931-32 and 1932-33; he has, therefore, naturally presented to the House the same prescription which had proved successful in arresting the disease and has been successful in placing the public finances of India in a sound position. But the cost of the prescription—the unbearable taxation—has bled white the rate-payers,—be they white, black or brown,—and it was the last straw on the camel's back. It has led with alarming rapidity to the fall in trade in every commodity and has driven firms and individuals to bankruptcy and to utter ruin. That India can no longer bear this heavy taxation is admitted by all. On the top of that this surcharge of 25 per cent. on the burden of the income-tax and the customs is causing havoc in the trade of this country, the like of which, I am sure, was never seen before. The other day the *Hindustan Times* well depicted it in a cartoon about the goose that laid the golden eggs being knifed with a surtax of this extraordinary character. But, how long, may I ask, can the Government pursue this policy of taxation to obtain budgetary equilibrium? It has already bled white every one in India and it can bleed no more. Like the Railways in India which look for some miracle to increase their earnings, let not the Honourable Sir George Schuster cling to deceptive hopes. If he thinks that the depression is passing away or that the revival of trade is in sight, he is awfully mistaken. The condition of the world has altered and he would be wise if he adapts himself to the existing conditions without hoping for any appreciable recovery.

A ten per cent. cut in the salary or reduction of clerical establishments or some such retrenchment is not the remedy. The axe of reduction must fall on that monstrous vulture known as the "defence of India." That vulture is devouring all the resources of this country without giving any appreciable return. Sir Walter Layton, in his admirable report, has spoken of this expenditure as staggering. Such proportion is not to be found in any country in the world. With your permission, Sir, I would like to place before this House a few sentences from that report which conclusively prove that the axe must fall on the military expenditure first and that axe must be a heavy axe. He says:

"An outstanding feature of this summary is the high proportion (62½ per cent.) which current expenditure on defence bears to the total expenditure of the Central Government—a higher proportion in fact than in any other country in the world."

Then, he goes on to say:

"On the other hand, it is to be remembered that the extent to which taxation is felt as a burden depends very largely on the objects on which a Government spends its revenue. Thus, it has been frequently pointed out that taxation for the purpose of paying interest on an internal debt is economically speaking a transfer of wealth within a country, which may—it is true—hamper enterprise, if the method of raising the revenue is unwise, but which need not do so or affect the total saving power of the community. Again, wise expenditure on social services and particularly on health

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and education should be remunerative in the sense of increasing the wealth-producing power and, therefore, the taxable capacity of a country. Security is of course essential, if production is to develop; but it cannot be claimed for expenditure on defence either that it is a mere redistribution of income or that it promotes productive efficiency. Indeed economically speaking, it is the most burdensome form of expenditure, and this is particularly the case where, as in the case of India, the Army contains a large element drawn from elsewhere. . . . and it would be reasonable to assume that, even if the total expenditure of India were increased, the burden would be more tolerable and more readily borne provided this particular charge were diminished.

But apart altogether from the question of other forms of expenditure in India, the defence charge is undoubtedly high . . . . Again, the total is not only high in itself and as compared with other countries, but it has also greatly increased as compared with the pre-war situation. India, in fact, has not obtained any relief from the greater sense of world security, which has succeeded the World War. On the contrary, her defence expenditure has risen even after allowing for the rise in prices and has grown more rapidly than in other parts of the Empire.

Let us see what Sir George Schuster says about this. He says that  
 3 P.M. the provision now made in the army expenditure has been cut very fine, namely, the military expenditure has been reduced from 55 to 46 crores, and that thus there is a reduction of nine crores. Now, what is this nine crores? One crore has been reduced, says Sir George Schuster, due to fall in prices of commodities and eight crores, if I may be allowed to say so, are for schemes which have been held in abeyance. As a matter of fact, there has been no reduction at all, because eight crores represent the money intended for schemes which are held in abeyance and one crore has been reduced owing to a fall in prices . . . .

**The Honourable Sir George Schuster** (Finance Member): My friend is entirely incorrect in that statement. I find it difficult to follow his argument, but the total cost of the so-called re-equipment programme, to which, I think, he is referring, was to be ten crores, of which something like eight crores have already been spent so that the programme has nearly been completed.

**Mr. A. H. Ghuznavi:** I stand corrected, but my impression was that eight crores have not been spent on account of schemes which have been held in abeyance and that the reduction of one crore is due to fall in prices.

**An Honourable Member:** No, that is not right.

**Mr. A. H. Ghuznavi:** I have not before me the the speech of Sir George Schuster delivered at the Ottawa Conference where he deprecated the military expenditure and characterised it by saying that it was eating into the very vitals of India. It is really too much, Sir, having regard to the Report of Sir Walter Layton, and I feel that Sir George Schuster should apply the pruning knife to the military expenditure in the first instance. I do not agree with my Honourable friend, Sir Abdur Rahim, when he suggests that the military expenditure should be reduced by six crores, because, in a total expenditure of 46 crores, to make a reduction of six crores means nothing. Military expenditure, Sir, as I have already pointed out, is still very high, and the axe must be applied very drastically, and the expenditure should be reduced very substantially.

The next Department to which the axe should be applied is the Railways. The deficit of nine crores in the Railway Budget can be met by efficient and economical administration of Indian Railways and by avoiding duplication of expenses which alone will show a saving of over seven or eight crores, and I shall presently show it. Over one crore can be saved by the amalgamation of the East Indian and Eastern Bengal Railway Administrations. And, similarly, by amalgamation of other Railways, by shutting down all the second class unprofitable collieries, by a judicious expenditure on coal purchase, and by maintaining efficient control over the stores, the entire deficit can be met. Have you heard, Sir, of any country in the world having duplicate offices across the streets and running two different State Railways? In Calcutta, there are two huge Railway establishments, the East Indian Railway and the Eastern Bengal Railway,—both are State Railways and both have separate offices with separate establishments across the road. As I said during the Railway Budget discussion, the whole of the medical machinery in Bengal can be run by one Surgeon-General, but, in regard to these two Railways there are two separate Chief Medical Officers, with duplicate offices and duplicate establishments.

The next point I wish to refer to is the alarming rapidity with which gold is being exported from this country, and it is causing great apprehension in our minds. No less than 107 crores worth of gold has already gone out of India, and, if I may quote Sir Leslie Hudson's speech which he made on the subject and which has the unanimous support of every Honourable Member in this House, he said:

"The Honourable Member has stated that he is unable to interfere with the export of gold and that he would hesitate to take any steps which would restrict the right of the individual to do as he pleases with his own possessions."

That is what Sir Leslie Hudson said, and he was quite correct, but what is happening in America today? Have they not placed an embargo on the export of their gold? Though that country possesses more gold than any other country, they have stopped the export of gold. But here the Finance Member is unable to do so, and the country has been bled white by the export of huge quantities of gold; still there is no embargo placed on the gold export, because, in that case, it would give the Government some help to balance their Budget and also a certain amount of relief to the overburdened tax-payers.

Sir, there is another matter that I wish to bring to the attention of the House, and it is about the loss in the Posts and Telegraphs Department. Sir George Schuster in his speech said that the loss in this Department has been 57 lakhs, and one need not wonder at this loss. The Posts and Telegraphs Department is, strictly speaking, a commercial concern, and one should like to know what commercial experience is possessed by those who run this show.

Sir Bhupendra Nath Mitra, my Honourable friend, Sir Frank Noyce's predecessor, by an extraordinary, unnecessary and unwarranted manner raised the salaries of postmen, overseers and post masters and subordinate staff to an extent that it has made it impossible for mufassil and village post offices to pay their way. Sir, I have a statement in my hand which refers to the revision of pay of the departmental branch post masters, overseers, postmen and others in the mufassil. A branch post master, who was getting Rs. 24, was immediately raised to the grade of Rs. 50 to Rs. 100 in 1927. Similarly, an overseer, who was getting only Rs. 22,

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was immediately raised to Rs. 50 in 1928 and the maximum of the grade was raised to Rs. 100. Similarly, Sir, the peons were getting Rs. 13 only and their scales were raised to Rs. 30. And what is the result? For the purpose of calculation of cost of an office the average of the time scale is taken into account. This being Rs. 30 for a postman now, and Rs. 67 for a village branch post master of a departmental office, most of the offices are now found not to be paying their way. Ten years ago, if I remember aright, a village post master used to get Rs. 13 to Rs. 15 and a postman used to get Rs. 6. Apart from that, owing to the increase in the salaries of postmasters from Rs. 23 to Rs. 65 and of Rs. 30 to peons the village post offices are not paying their way. They cannot be found to pay their way. But that does not end there. What they have done now is this. They have dismissed the postmen, and the village postmaster has got his post office where he sits, and the people have to go to the post office to get the letters. That is the result of the withdrawal of the departmental postmen and their replacement by extra departmental delivery agents. An ordinary temporary cooly is appointed on Rs. 3 a month and he goes out only once or twice a week to deliver letters, but he cannot deliver registered letters or money orders. The people have got to go to the post office for that purpose. I remember the postman who used to deliver my letters in Calcutta was surprised to hear from me that he had got an immediate jump to Rs. 40 a month from the Rs. 15 he had been getting. He would not believe me when I said that that was a fact. What is the result? Postmen get between Rs. 40 and Rs. 50 a month while passed I A.'s and I.Sc.'s cannot get even much less and the former are all illiterate, and one need not wonder at the increase in unemployment. There was a Retrenchment Committee sitting over the Posts and Telegraphs Department of which my Honourable friend, Sir Cowasji Jehangir, was the President if I am right. (*An Honourable Member*: "Yes.") I do not know if this state of affairs was noticed by them—a jump from Rs. 15 to Rs. 40.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadian Urban): If I may point out, we did not go into the pay of each individual postman in the post offices throughout India.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muhammadian): And it is not possible too.

**Mr. A. H. Ghuznavi**: What is the retrenchment that you recommended? As far as I understand, your recommendation was to reduce the travelling allowances of the Postal Superintendents and that reduction meant a saving of only a lakh of rupees, while they have stopped travelling, because they refuse to travel in the second class. They had been enjoying the privilege of travelling first class for years, and the result has been an increase in thefts and defalcations in post offices, and I will demonstrate that by facts and figures. That is the retrenchment which the Retrenchment Committee have suggested—that the Postal Superintendents should draw only second class travelling allowances. And the Postal Superintendents consider it derogatory to travel second class along with their subordinates.

**Sir Cowasji Jehangir**: Is that a fault of the Retrenchment Committee?

**An Honourable Member:** I also travel second class.

**Mr. A. H. Ghuznavi:** You must put yourself in the position of the Superintendent of Post Offices. (Laughter.)

**An Honourable Member:** Why should he feel it derogatory to travel second class?

**Mr. A. H. Ghuznavi:** It is not a question of derogation. Let me explain the position first and then you may comment. You may then say whether I am right or wrong. Fortunately, Sir Thomas Ryan is now the Director-General of Posts and Telegraphs. He was in the year 1924 Chairman of the Posts and Telegraphs Department Committee, and this is what he said in his report:

"The curtailment of inspections and of the movements of the Postal Superintendents may have produced some small economy by saving in travelling allowances, but the increase of frauds and consequent progressive demoralisation of the staff seems to be a high price to pay for this result. Apart from direct restriction of his movements, the recent revision of travelling allowance rates has resulted in reducing the amount of travelling allowance which a Superintendent can recover from the Government, and this further tends to confine him to the headquarters with the result that the efficiency of his supervision and control, and his personal knowledge of his subordinates, have greatly depreciated. The Committee are of opinion that these tendencies are all in the wrong direction and that the value of the work of a Postal Superintendent varies inversely with the time he spends at his headquarters.

Apart from these regular inspections . . . the Committee are of the opinion that Superintendents should be encouraged to move about in their divisions as much as possible . . . Officers must be trusted; and to prevent an officer from carrying out his duties because he is suspected of being anxious to do so only in order to earn travelling allowance is a pitifully short-sighted policy. It may result in the saving of a few rupees in travelling allowance but it wastes the salary of the officer, a far larger item, by depriving him of half of his value and efficiency, and no true economy results. The existing travelling allowance rules are not such as to encourage touring for its own sake, and it can safely be left to heads of circles to see that Superintendents arrange their tours in such a way that travelling allowance charges are kept at a minimum."

They have reduced the travelling allowances of the Postal Superintendents to second class, but they have not touched the Telegraph Superintendents, most of whom are Anglo-Indians.

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muhammadan Urban): What is the pay of the Telegraph Superintendent as compared with that of the Postal Superintendent?

**Mr. A. H. Ghuznavi:** The same. The same grade. They were put on the same category and the same grade. But they did not touch the Telegraph Superintendent, but touched only the Postal Superintendent. I am sorry Sir Thomas Ryan is not here; otherwise he will be able to confirm my statement.

**Sir Cawasji Jehangir:** Do you mean to say that the Government did not carry out the recommendations of the Committee, or that the Committee recommended differentiation in treatment? What allegation are you making?

**Mr. A. H. Ghuznavi:** The fact is that the Superintendent of Telegraphs has not been touched, while the Postal Superintendent has been.

**Mr. Gaya Prasad Singh:** By the Retrenchment Committee or by the Government?

**Mr. A. H. Ghuznavi:** The fact is that their allowances have not been touched.

**Mr. Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): If my Honourable friend will read . . . .

**Mr. President** (The Honourable Mr. R. K. Shanmukham Chetty): The Honourable Member has not given way.

**An Honourable Member:** He does not know how to give way.

**Mr. Muhammad Yamin Khan:** If you will read the report, you will find that the Committee recommended equal treatment.

**Mr. A. H. Ghuznavi:** My friend seems to have a sharp memory to remember things that happened more than a year ago. There is not a word about the Telegraph Superintendents in the report, I may tell you that for your information.

Sir, I must now plead for my own province. Bengal must be bled for the benefit of other provinces. The Honourable the Finance Member has been making a present of 40 and 50 lakhs to the four Aden Salt manufacturers at the expense of the consumers of Bengal and Bihar, by imposing an additional duty of Re. 0-4-6 per maund on the belief that Government were giving protection thereby to Indian salt manufacturers at Karachi, Khewra, etc. Of these four salt manufacturers one is an Italian Company and three are Indian, but they belong to the Gandhi and Company group. Indian salt manufacturers have up to now derived no benefit out of this taxation. It is the Aden salt manufacturers that are getting this benefit. When the Honourable the Finance Member will come to this House for an extension of this Act for another year, I will come out with my facts and figures. In spite of the opposition of the Governments of Bengal and Bihar, they are continuously doing it and their object has not been achieved and they have increased only the cost of the consumer, and 25 per cent. of that goes to the Gandhi fund.

**Mr. Gaya Prasad Singh:** Will you make yourself clear? You said the money goes into the Gandhi fund? ...

**Mr. A. H. Ghuznavi:** I will make myself clear outside this House.

**Mr. Gaya Prasad Singh:** You are making a serious allegation and you refuse to substantiate it on the floor of this House.

**Mr. A. H. Ghuznavi:** I cannot waste the time of the House.

**An Honourable Member:** The House does not mind it, if you will give the facts.

**Mr. A. H. Ghuznavi:** Take, again, the question of wheat. Here, again, Bengal must be penalised. The consumers of Bengal must be penalised in order to benefit the Punjab. The Honourable the Commerce

Member has brought forward a Bill for extending the Wheat Duty Act. This affects only Bengal and Bihar. Bengal must always be bled to serve the interests of Bombay, the Punjab, and every other province except Bengal. I am sorry, my friend, Mr. Mody, is not here, but he will be coming soon with a beggar's bowl in his hand and at once the Commerce Member will give him an assurance of additional protection at the cost of the consumers of Bengal in order to benefit the millowners of Bombay. Not content with a 50 per cent. duty on Japanese goods, they want more. Every one wants to bleed Bengal and get rich at her expense. What have the Government of India done for the Bengal industries? What have they done for the coal industry? Coal is being imported from South Africa. The Bombay millowners have killed the coal trade of Bengal. (*An Honourable Member*: "How?") When Mr. Mody comes here with his beggar's bowl asking for more protection, you will know how. It seems that the Government of India have no regard for Bengal. They are in terror of Bombay. The moment Bombay asks for anything, it is given.

**Hony. Captain Rao Bahadur Chaudhri Lal Chand** (Nominated Non-Official): Will Bengal agree to the revision of the Permanent Settlement?

**Mr. A. H. Ghuznavi**: It is not for Bengal to agree. If you treat all the agreements and charters as scraps of paper, you can do so. There is an agreement about which my friend seems to be ignorant. With these words, I close my speech in the hope that Bengal would get at least some sympathy from the Honourable Members.

**Raja Bahadur G. Krishnamachariar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): I believe, I was assured so yesterday, that in the discussion of the General Budget and the Finance Bill, non-official Members can range in their discussions from the winds of heaven to the thoughts of men. But there is one trouble about this. Whatever you may say, nobody listens to you. This was dissuading me from standing on my legs yesterday but I remembered late in the evening what our Lord has said: "Action is thy duty, the fruit is not thy concern." Action in this case is speechifying. As regards the fruit, the present Government of India stands in the position of having been in the lap of the Almighty and, therefore, it is for them to decide whether they shall give my fruits or throw the seeds back to my face. I was fortunately fortified in my attempt to speak by the observations of the venerable Sir Abdur Rahim who has been in the public life of British India much longer than I have been. He said: "Don't care for what they say. You go on hammering and hammering until you get your grievances redressed and someday they will have to be redressed." Fortified by these two considerations I have ventured to stand on my legs to submit a few observations upon the very important point upon which I feel a great deal and that is the grievance of the agriculturist. Times out of number, I have troubled this House with the grievances of the agriculturist, and so far I have not had one act of assistance, one word of encouragement, not even a smile of favour, but I am not going to be deterred. So long as the agriculturist's problem is not settled rightly, so long will that problem come before this House time after time, until it is redressed and redressed correctly, because there is high poetic authority for the position that no question is finally settled until it is settled aright. I have read, with



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such care as I am capable of, the speech of the Honourable the Finance Member and there is not a word of sympathy for the agriculturist. I believe I am right in saying that his depressed condition and the miserable plight to which he has been reduced, not only in one province, but throughout India has not melted his hard heart, and driven him to say one word of sympathy, let alone one act of sympathy.

**Mr. C. C. Biswas** (Calcutta: Non-Muhammadian Urban): May I correct the Honourable Member? The Honourable Sir Fazl-i-Hussain has arranged for two meetings of the Imperial Council of Agricultural Research.

**Raja Bahadur G. Krishnamachariar**: I was coming to that a little later. I am at present on the speech of the Honourable the Finance Member. There is not one word of sympathy in his speech for the poor agriculturist. On the contrary, he has been patted on the back for things which he does not deserve, for things which do not exist. He says: "Oh, the agriculturist is a good fellow. He need not be troubled about." He speaks of trade, trade depression, and so on, and these occupy three-fourths of his Budget Speech. But the position of agriculture has been dismissed with a paragraph which my Honourable friend from Burma read out and which I too shall refer to a little later. I would now invite the attention of the House to paragraph 5 where my Honourable friend begins with a statement regarding the economic position. Having stated that the economic position is what is known to everybody else, he says that "the monsoon was fairly normal for India as a whole, and that, so far as climatic conditions are concerned India might have been enjoying a year of normal prosperity". But there is a little foot-note to that sentence which is rather worth reading, namely:

"The monsoon was normal for India as a whole except in Bihar, the East United Provinces, and North Madras coast."

That is the first trouble about it. The monsoon was normal; it might have been a year of prosperity; but at least in three big localities it was not normal:

"Otherwise, though lighter than usual, it was fairly well distributed and fortunately rainfall in September was above the average."

Now, what I cannot understand is that if the monsoon was lighter than usual, your cultivation cannot go on, so how can there be prosperity?

"The sowing conditions for monsoon crops were only moderately favourable",

and yet upon the principle of averages the year would have been one of normal prosperity:

"sowing conditions for cold weather crops were generally favourable. The winter rains have been below the average and the yield of the crops now on the ground will depend to a greater extent than usual on the weather during the next few weeks. Slight frost damage in January has been reported from a number of places."

Now, putting all these things together and reading them along with the original proposition made in the body of the paragraph, you will find that after all the statement that it might have been a normal year of prosperity is not quite tenable, putting it at the very lowest.

Next, the purchasing power has suffered terribly from the world conditions and has not improved. At first they thought that there would be a substantial rise in prices owing to the detachment of sterling from gold, but that was only a temporary measure. They did so for a short time but the prices have again begun to fall, with the result that it affects,—whom? It affects me. It affects the economic condition of the agriculturist who forms 80 to 85 per cent. of the population. Sir, the anticipated rise in rupee-sterling prices has not materialised. The position, broadly speaking, is that after an initial rise, prices at the end of the year under review showed again a falling tendency, with the result that although the average level of prices on the basis of which India's exports during 1932 were slightly higher than during 1931, the general level of prices at the end of the year had fallen below the previous level. Now with regard to this general level of prices, if I had the time, I should have taken this House through the history of how this general level of prices worked, but there is a nice little book that came into my hands recently—"The Intelligent Man's Guide through the World Crisis"—written by Cole. This book deals with the question of the general level of prices, and he points out that there is no such thing as a general level of prices existing, because the cropping conditions are different, because the qualities of crops grown are not the same and the wholesale prices depend upon whether you export them out of the country or export them internally. These and a few other considerations he has shown, and he has come to the conclusion that it is impossible to say what the general level of prices is. The Honourable the Finance Member says:

"The most that one can say is that countries with currencies linked to sterling have fared much better than those which are on a gold basis."

Now, Sir, there is a little story which, I do not know if I can trouble the House with, and that is that two Brahmins went for attending the last illness of a rich man. Now, among the Hindus it is supposed to be a good thing to make gifts of cows when a man dies. Of the two men one man got a cow and the other did not get any. The man who got it came home and a friend asked him: "How many did you get?" He said: "Everybody got one, but I got three." He was asked: "You have got only one, how do you say you got three?" He said: "My neighbour did not get any. That means two for the two and I got one, that means two *plus* one three." That, Sir, is the satisfaction that I am asked to reap from this position. It began with a year of normal prosperity. It went on to a condition which made the position very very bad and then it ended by saying: "Never mind, be satisfied that you are much better off than other countries and, therefore, you had better go on".

Then there is a standard upon which my Honourable friend, the Finance Member, bases his argument and that is the consumption of what he calls "articles of necessity" to the masses, namely, kerosene, salt and cloth. Well, I believe the census has shown an increase of a very large percentage of the population and the standard of comparison my friend took was the average of the previous ten years and the consumption within the last year or 18 months. It does not appear from this paragraph whether due allowance has been made for this increase in the population, but there is another matter which has got to be considered. Now, these kerosene people have been going about not only in British India, but also throughout the Indian States. There they have been spreading their nets and I suppose the kerosene oil they take into the Indian States has got to come from British India or a British Indian port and then the

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figures upon which or from which the Honourable the Finance Member appears to have made a calculation (I am speaking subject to correction) are those relating to what appears at the ports of disembarkation where these things are imported and from where they are brought into the interior. Now, if you take that into consideration and, as regards the consumption of salt, I do not know whether that salt includes foreign imports into British India, I am not at all sure that these things are a correct indication of the position. I come to the last portion of his speech, leaving aside this gold export business which has been, if I may say so without disrespect, repeated to death by almost every speaker here. But, before I come to that, there is one little statement here and I am not sure whether it is correct. Unfortunately I have not been able to lay my hands upon the reference: that is where he sums up his own conclusion on the review of the agricultural position and he says that "for my own part the main impression gained by a study of what has been happening during these last two years of terribly difficult times is one of admiration and wonder at the way in which India and her people have adjusted themselves to the emergency". Now, frankly, Sir, I do not understand what that sentence means. How else does he expect the people of India to go on than as they have done now while they are in a state of miserable plight? They are not, of course, dead, I am perfectly sure, but surely they are almost on the verge of suffering and they cannot stand very much more suffering. That is what you mean by saying that India and her people have adjusted themselves to the emergency. Then they say that where you cannot grow one kind of produce, they have substituted it for another and in this connection they say:

"To some extent in certain cases such as food crops, Government policy has been to find out alternative crops. \* \* \* \* Linseed is another important alternative crop for which possibilities of an increased outlet have been opened out by the Ottawa Agreement."

I am speaking from memory, but the report that has been submitted in connection with the Ottawa Agreement is that there is absolutely no chance in the near future of our linseed export displacing the export from Argentine. It will take some time and even then the result is problematical. This is the statement which I remember to have read in connection with the position of the linseed and consequently it is not a very current one. Then there is another statement made with regard to groundnuts:

"This crop has become in Madras a money crop of first rate importance and is becoming an alternative crop to cotton of growing importance in Bombay and Berar."

So far as Madras is concerned, I am afraid my Honourable friend has not been served properly. It is true, groundnut is a money crop and it has been grown in very large quantity. But there is a slump in the market and we cannot sell our groundnut. Where we got, for instance, Rs. 3 or 3½ for a unit, we have not been able to get even a rupee and a quarter with the result that most of us have ceased to grow groundnut excepting those people who make oil out of it and send it to England. That is the position with the alternative crop of groundnut so far as Madras is concerned, and I do not think it is a happy one. Then, Sir, there is another statement which says:

"Now, it is difficult to trace exactly the complete economic effects of these adjustments, but one conclusion is probably justified and that is that the poorer classes and particularly the wage-earning classes whose wages have not been reduced proportionately to the fall in value of local food products are at present better fitted than ever before."

Now, I do not know what justification is there for that statement. Perhaps it is based upon the position that, because the prices of the food-grains have gone down, the man with the same wage is able to supply himself with the food material more than he was able to do when the prices were standing at a high level and consequently probably he has been better off. That, in short, is the agricultural position. May I respectfully ask what have the Government of India done in connection with the relief to be given to the agriculturist? I know there was a Royal Commission on Agriculture which made its report in the year 1925 or 1926. It is now eight years since that report was submitted, and what has been done? There is only one thing that I know that has been done tangibly, and that is the creation of the Imperial Council of Agricultural Research. Sir, these Commissions are a roundabout way of finding out what you know exactly. I am not talking the language of convention, nor am I using any figurative language, but there is a little pamphlet issued by the Government of India by a gentleman of the name of McKenna. He was, I believe, connected with the Agricultural Department of the Government of India for some time and he has written a very small pamphlet called "Agriculture in India". If you read it carefully and compare its conclusions with the conclusions that have been arrived at by the Royal Commission on Agriculture after two or three years of their peregrination, you will probably find that the same ideas had already been stated by Mr. McKenna. No doubt there is a good deal of elaboration here and there; no doubt there is an expenditure of three lakhs of rupees which is given on the title-page of their report. Now, what has been done? They always begin by saying that already a great deal has been done, but still greater work has got to be done. But what has been done and what has not been done is only known to us.

Now, the most important recommendation that these people have made is about the seed farms. Nothing has been done about these seed farms in the country excepting in one or two places and the result has been a very curious one. Ordinarily, the cultivator used to reserve out of his crop a small portion to be utilised as the seed for next year, but the moment these seed farms came into existence he began to eat his seed, because the produce was not sufficient for his needs and he thought that he would get his seed from the seed farms at an expense of a few annas more. Of course, the seed farm cannot be expected to supply seed to every agriculturist, with the result that for the first year or two there was a terrible wrangle over the seed and very uncomplimentary expressions were used. That is the first result of the Agricultural Commission. Nothing has really materialised.

The next question is about the manures. This report says that the Department is not in a position to tell the agriculturist the manurial value of so many materials that are available in the country. The old stock argument that cow-dung manure is the best manure, but it is unfortunately used by the villager for fuel purposes and, therefore, it is not available for agricultural operations is mentioned there. But who is responsible for this? If you go to the districts, you will find that the poor villager cannot have even those shrubs which will never be of any use to the Forest Department nor dare he cut any branches from any trees in order to burn his fireplace. The result is that as he has got to live anyhow, he uses the cow-dung for the purpose of fuel. Times without number representations have been made, but nothing has come out of them. Not long ago, there was a very influential representation

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made that manurial products should not be exported. They did not, however, listen to it and they have not prohibited the export of manurial products such as bones, oil-cakes and materials of that sort. Now, Sir, under those circumstances perhaps, if the Finance Member or somebody else is so inclined, he might tell us where is the light that we can see in order to relieve the sufferings of these long-suffering agriculturists. It is perfectly true he has been suffering and suffering, but some day that suffering would turn into an awkward position. I am not threatening anybody. But, I feel it and I know what the position will be and what the position will be leading to. And if you find even the Madras Government putting off the collection of their revenue for two or three months, you can very easily understand the position to which the agriculturist has been reduced.

Now, Sir, on the last occasion I had spoken, at least to some extent, about taxation. But there is only one point to which I have to refer and that is that with reference to a statement made by my Honourable friend, Mr. Bajpai,—unfortunately he is not here,—regarding the responsibility of the Government of India in the matter of reducing to a statutory form the principles of land taxation as enjoined by the Joint Select Committee of Parliament before the last Reforms Bill was actually passed. Now, Sir, my Honourable friend, Mr. Bajpai, said somewhat strongly,—I suppose he was strong in his position, because he was speaking from his brief,—stated:

“If any province had not carried out the recommendations of the Joint Parliamentary Committee of 1920, the blame for it did not lie at the door of the Government of India.”

That is what Mr. Bajpai said, and I immediately asked, what about Madras? And he gave a long story which I do not want to repeat, but I want to say that he is absolutely mistaken in his facts. The Bill, that was originally introduced in the local Council, was recommended for adoption by a Government Committee in which power was given to the Legislature to determine the increase of the rates of assessment at the time of re-settlement. Now, the Government of India did not want to give that power to the representatives of the people and they began to shilly-shally. And land revenue being a subject which is always dear to the bureaucracy and as it is a close preserve, they were somehow or other able to put off this very salutary provision recommended, not by the public agitator, but by a responsible Government Committee. Now, Sir, in reply to a Resolution moved in the local Council in September, 1929, the Honourable Mr. (now Sir) A. Y. G. Campbell said that the Government of India objected to the passing of the previous Bill into law on certain grounds connected with the question of giving power to the Legislature to fix the money rate. He further stated that certain provisions of the Bill were against the principles of the Government of India Act. Then, Sir, there was a memorandum submitted in August, 1927, and in that the Government of Madras said:

“The Government did not accept this recommendation which would make each scheme of settlement practically a taxation Bill: and they put forward certain alternative suggestions for the consideration of the Government of India and the Secretary of State. The Government of India then addressed this Government pointing out the inexpediency of legislating on the lines of a permanent settlement at the present moment, and also disapproving of the suggestion made by this Government as to an income-tax on income derived from land. They asked this Government to reconsider the position in the light of these remarks,” etc.

The result is, that the Bill, as you are aware, is still hanging fire without any conclusion whatsoever. And yet my Honourable friend, Mr. Bajpai, stands on the floor of this House and says that the Government of India are not responsible, but our own Government are responsible. That I say is not correct.

Now, Sir, there are a good many other things that I could invite your attention to, but I do not intend to do so. There is, however, one matter which, I think, I ought to invite the attention of this House in connection with this land taxation, and that is that they always claim to raise the assessment every 30 years based upon a rise in prices. Sir, they have a peculiar way of calculating this rise in prices. They go to the sub-registrar's office and then they take the valuation by going over the documents executed, mortgages, sales and leases and working out the average, leaving alone the lean years. Now, there is a little story about these documents. When a man goes to the sub-registrar's office in order to execute a mortgage on his lands or to sell them, he always fixes a higher figure in the expectation, if it is a mortgage, that when it comes to selling the land which invariably happens he might always ask for a higher figure. It is the same thing with the lessee. The lessor and the lessee together know that they do not expect to get this money value, because it is of no account. If I lease my lands by so many Madras measures per acre, no body is giving me the value of it. That man, if he gets nothing at all, gets the produce. But the sub-registrar says that he has got to give the value, otherwise his document is not going to be registered. My agent comes, the man who executes the document comes. What are they to do? They cannot go back eight miles and ascertain from responsible men what price he should fix. Then the sub-registrar suggests that he should put down something, so that he might get it registered. So this something is put down as the value and the document is registered. That really is the story about the value; and as regards the value of this produce in the villages, if you go and ask some of these village accountants, they put up long sheets of report about values and crop cultivation, one thing and another, and upon that the Secretary of State gives his answer in the House of Commons. You find that the whole thing is manufactured at the corner of the village headman's office. He sits there; he does not go, but he knows exactly in a hazy manner what the price is. So he puts it down and gives it to the tahsildar, because he has to do it by a certain date. The tahsildar gives it to the sub-divisional officer who sends it to the Collector. It is solemnly published in the Fort St. George Gazette. Then it is sent to the Secretary of State, and everybody is satisfied about the price. But it is all incorrect. There are no statistics, and my authority is the Indian Taxation Inquiry Committee which gives a very good history about this taxation. So that the standard of price depends upon all these things. But, then, I said the other day that, out of the total number of pattadars, at least 12 lakhs pay one rupee and less. Will somebody who claims to raise the taxation tell me that if the man's whole income is only two rupees, because he has got to pay half the net income to Government as land revenue, even supposing it is Rs. 3, what is there left for him to sell? And yet you go and raise the assessment on that wretched holding of his, because, forsooth, somebody somewhere has said that the price is rising. And that is the case with 46 lakhs of people who pay Rs. 30 and less, 12 lakhs being one rupee and below, and 84 lakhs being between one rupee and Rs. 30. Sir, what is

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there to sell after paying Government demands? There is not enough to eat. And all this leisure hour employment that we have been hearing about is due to the fact that the man has not got enough to eat and some device must be made for supplementing his income so that he and his wife and children may live till the next agricultural season. That, Sir, is the thing which I want to take into consideration.

Now, Sir, there are only two points that I would trouble you about just now. The first is about what happened when I was talking about the Ottawa Agreement. At that time I said that the East India Company ruined the trade of India and I said that they even went to the length of cutting the thumbs of the silk weavers. Now, I was immediately challeng-

ed by my Honourable friend, Sir Frank Noyce, somewhat angrily then, but later he wrote to me a very nice letter and although I was quite unwilling to discuss outside the House, what I said inside and on the floor of the House, I could not resist the temptation of his courtesy and so I looked up the record. So far I have not been able to find out any authority that the Company's servants actually cut the thumbs of the silk weavers of Bengal. What did happen is that they put them to a great deal of trouble, inconvenience and persecution, the whole of it is detailed in a book "The Ruin of Indian Trade by the East India Company" by the late Major Basu, and persons who want detailed information may look into it. They persecuted them to such an extent that the weavers themselves cut their thumbs, so that they may not be disturbed in working for the East India Company. Now, Sir, this statement was made by a man of the name of Bolts and he made that statement within ten years of the Battle of Plassey, that is, about 1767. You know, Sir, latterly the tendency is to justify everything that has been done in the time of the East India Company—very patriotic no doubt, but certainly not true—and one of the processes that is now going on is that the man, Bolts, is painted in very black colours, his nationality is disavowed, and he is supposed to be a disgruntled man who was interested in speaking an untruth. Now, if that was so, it took a somewhat long time between 1767 and the present date in order to find out his antecedents, nobody said anything about him at that time. Nobody said about him in 1800 . . . . .

**Mr. F. E. James** (Madras: European): What has it to do with the Finance Bill?

**Raja Bahadur G. Krishnamachariar**: As I said, during the discussion of the Finance Bill everything ranging from the winds of heaven to the thoughts of man can be discussed, and this is the only time when I can put forward my grievance. Whether the grievances can be heard or not, whether the grievances are going to be redressed or not, I insist upon saying what I have to say, so that they may be put on record and the Government of India may not say that they were not put forward.

Lastly, there is this question of orthodox representation at the Round Table Conference (Mr. N. M. Joshi was laughing.) My friend, Mr. Joshi, laughs and he laughs so loud that I am afraid of his breath. Let him not do that. He has had the good fortune of being the self-constituted leader of the Labour Party and of going to England and to make a noise there. (Mr. N. M. Joshi: "I support your claim.") If you are going to support

it, you need not have indulged in such a big laughter, which unfortunately disturbed me, as it did my friend, Mr. Ranga Iyer, and thereby spoiled the trend of his thought.

**Diwan Bahadur A. Ramaswami Mudaliar:** May I understand from the Honourable gentleman that there was no representative of the orthodox Hindus at the Third Round Table Conference?

**Raja Bahadur G. Krishnamachariar:** Not as such.

**Diwan Bahadur A. Ramaswami Mudaliar:** What about Mr. Ghuznavi?

**Raja Bahadur G. Krishnamachariar:** Sir, I am very glad that my friend stated it and there is a little story about it. Mr. Ghuznavi and Sir Abdulla Suhrawardy are the only two persons who supported the Hindu orthodoxy as against my friends the Hindus, men who belong to the Nationalist and the Independent Parties, men who call themselves Hindus, men who have no respect to their ancestral religion and men who have no respect to their ancestral traditions, all these gentlemen one and all put together ground down and treaded under their feet the sacred principles of the Hindu religion (*Mr. B. V. Jadhav*: "As interpreted by whom?") as understood and traditionally interpreted. Mr. Jadhav has, of course, no regard for it. He is perfectly entitled to it, but let him not carp or cavil, because there is a verse which says that the Vedas are awfully afraid that "Half learned and half baked men will wrong me by not understanding what I said", and it refers to persons like my friend, Mr. Jadhav. Without any knowledge of Sanskrit, at least a smattering learning is just enough to misunderstand. He never read the Shastras, he never read the *Mimamsa*, which is the only criterion of interpreting the Shastras and he says, as interpreted by whom. As interpreted by me, as interpreted by my *Purva Mimamsa*, and I am not ashamed of that. Now, at that time, in consequence of the support that Mr. Ghuznavi gave me, I cabled to him at the Third Round Table Conference, when I found that these people are making some *gharbar* about our orthodox view, to tell the Secretary of State and the English people and Lord Sankey and the Premier and all whom it may concern, that no Constitution, however scientifically drawn up, will be acceptable to us without proper representation. And most of our men who went from here are laymen who have absolutely no idea of any constitutional principle. I throw down that challenge on the floor of this House and I want at least half-a-dozen to take it up. They may be very good scholars, they may be very good merchants and they may be very good anything else in the world, but they are certainly not constitutional lawyers and they went and I thought that the only thing that they could lay their hands upon effectively was Hindu orthodoxy. Everybody wanted to have his fling at that. I am here and I cannot go to England and so I wired off to Mr. Ghuznavi to inform the Secretary of State and others concerned what the real feeling of the orthodoxy is. Sir, I did not do anything wrong. Mr. Ghuznavi is not untouchable yet and he is the only man who was able to convey to the Secretary of State and to Parliament, through him, and also to the British Premier and the British Empire the exact view of the situation, and, even now, I say, democracy may be a very good thing. If you believe in Mr. Wells, democracy is something which is not



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particularly useful nowadays. There is a little book which has come out very recently "After Democracy", and I would very strongly advise my friends, who go again to England, to read that book, before they saddle us with this burden of a democracy which only means increasing taxation, increasing trouble to my friend, the Honourable the Finance Member, to justify his taxation, and between these two both I am being ground and ground that only life remains and nothing else. Sir, what I say is that orthodox people have not been properly represented. I am very sorry to observe that the British Government,—and I put it very seriously and as earnestly as I possibly can,—are swerving from the one safe position and that is the religious neutrality with which they started their Empire adventure about 150 years ago. It did not date from the Queen's Proclamation, but it dated from the Statutes towards the close of the 18th century. So long as you do not touch our religion—I do not care who does it—so long as your Empire is based upon utter neutrality, you can consider that it is based on a rock, but if that is shaken on the ground that the lines of the religious and social demarcation are delicate and on the grounds that certain persons clamour, under threat of fasting or upon the ground that certain classes of the community have been tyrannized and tyrannized, that does not go to prove anything at all. There is nothing to prove anything at all. If upon any of these grounds, you tread upon the toes of our sacred religion, it would not do good for you, because that religion . . .

**An Honourable Member:** Are you going to curse?

**Raja Bahadur G. Krishnamachariar:** I am not going to curse. The religion itself will curse. I am only uttering a warning that the religion, the system for which it stands, has stood the test of time, when other systems have come into existence, have grown up and they are gone. Therefore, the first thing that I would very respectfully submit is a great grievance from the great mass of orthodox people—we represent the largest portion of the community including the masses: I say, do not touch upon our religion; and it is to make that representation as forcibly as we can that we wanted to have representation at the Round Table Conference; and unfortunately I was not able to secure that representation. However, there is another matter upon which I wish to touch: this is the last thing and I will not trouble the House very much further—and that is with reference to the safeguard that would be given to us for non-interference with religion. There are two things. The Governor General or the Governor would have to give his sanction before introducing a Bill of that nature. That provision now exists and so far within the last five or six years it has not been very much operative; but a more fantastic proposal is that if two-thirds Members of any Legislature belonging to the community require that a measure of that nature should be introduced in the Council, then the Council might discuss it. Analysing the position, it comes to this. You do not elect to any Legislature Members upon the basis of communities and, in the case of Hindus, for instance, which sect of the Hindus is going to represent the other sect? And so long as you have got so many divisions and so long as these divisions are based upon our sacred laws, so long it is absolutely impossible to rely upon the Legislature which, however respectable it may be, was not constituted for that purpose. I am not

talking disrespectfully of the Legislature. This Legislature and its sister Legislatures in the Provinces have come into existence for certain secular purposes and the qualifications of the Members were laid down with reference to those secular purposes; and I say, and I repeat it as strongly as I possibly can, such a Legislature is not competent to deal with the sacred laws which we believe in—I do not want Mr. Jadhav to believe in them—as based on revelation, and consequently no human hand can touch it or interfere with it. That is my last grievance about the way in which the great mass of the community is being treated and I hope some day it will reach somebody's ears and I would get some relief.

**Mr. O. F. Grant:** On a point of order, Sir. May I, with your special permission, make a personal explanation? I was unable to give, as Members would have seen at the time, a reference as the book I wished to refer to reached me too late. It contains the reason for a certain statement which I made . . . .

**Mr. President** (The Honourable Mr. R. K. Shanmukham Chetty): That is not a matter for personal explanation.

**Sir Cawasji Jehangir:** Sir, I promise not to take advantage of the rules and regulations of this House whereby every subject under the sun can be discussed in this general discussion, which is really a continuation of the general discussion on the Budget.

I am certain, there is not a single Member in this House, including my Honourable friend, the Finance Member, who could not legitimately suggest cuts in the Finance Bill to the advantage either of the poorer classes or of commerce and industry. The point of greatest importance is not where the cuts should be made, but to what extent, if any. As I have said, the Finance Member himself could suggest where the cuts could legitimately be made if the money was available; and, therefore, the question that really arises on the discussion today is what is the amount available. According to the Finance Member, the surplus is 42 lakhs. I think it will be admitted that the Honourable the Finance Member has made a very safe Budget. Notwithstanding my apprehensions as to whether he is going to get 18½ crores from income-tax, I still make this assertion that it is a safe Budget. He has allowed something like £6,00,000 or about 90 lakhs of rupees for War Debts; he has, on the other side, made no provision for the Reparations that we ought to receive. He has admitted that these are possible savings which he will keep up his sleeve for times of adversity during the coming year. This is like all good financiers, like all good bank managers, who do keep something up their sleeve and they have every justification for doing so. But, in times of trouble and stress, we have also got to consider what is fair to the people of the country, and, therefore, even if it is not possible for the Finance Member to retrench any further immediately, I think he will admit, or I trust he will, that a cut here and there on this safety Budget will not be considered irresponsible; and even if it were irresponsible, I venture to suggest that until we on this side are placed in a position of responsibility, it is really too much to ask that we should immediately exhibit that great sense of responsibility which an Opposition should feel when the Budget is really in their hands and the destinies of the country lie on the vote that they will give.

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I do wish to bring another point to the attention of my Honourable friend. Sir Abdur Rahim stated that this side of the House would not be satisfied until the Army Budget had been reduced to 40 crores. May I point out that that 40 crores was not a figure arrived at at random: there was some justification for it. The British Army budget is today, I believe, 30 per cent. higher than it was a year before the war broke out. According to that analogy, our Budget ought to be for 40 crores; it was in the vicinity of 30 crores just before the War. Add even a little over 30 per cent., and you get 40 crores. What we ask is, why should the Indian military expenditure be higher today than it is in England? If a 30 per cent. increase is justified in England since the beginning of the War, why should there be a higher percentage in India? I venture to say that I can put up an argument that it should be lower than the increased percentage in England. England's army today is a very different fighting machine to what it was before the War. Ours is not such a different machine. Ours was always a fighting machine, ready to take the field. England's fighting machine, just before the War, was not ready to take the field immediately, and it was never intended to take the field. To-day England's fighting machine by this extra expenditure of 30 per cent. is a much finer machine than it was before the war. Therefore, it might be contended that if the extra expenditure in England is 30 per cent. it should be less in India . . . . .

**Mr. F. E. James:** May I interrupt the Honourable Member for one minute? Has he taken into account the fact that there is in addition the Air Force Budget chargeable to the English Exchequer, whereas the Military Budget here includes the Air Force Budget, and a naval defence contribution.

**Sir Cowasji Jehangir:** I am not talking of the Navy, but I do contend that our Air Force is nothing compared to the Air Force in England. Let us have an Air Force in the same proportion as England's Air Force, and then you can very well talk of excluding the cost of our Air Force from our Army Budget. In fact, there was a complaint from some of my friends that the Air Force should be increased. I do, therefore, maintain, Sir, that the cost in India is out of proportion to the fighting machine we have got. That point has to be impressed upon the Government from day to day. There is nobody here today, and I am sure there will be no body here tomorrow when the reforms come in who will desire to see the efficiency of the Army decreased by even one per cent., but the proposition that we have to urge from year to year is that we do not get a proper return for the monies we spend, and the few arguments that I have placed before the House merely go to strengthen this impression and the impression in the country. I know very well that the Honourable the Finance Member cannot immediately reduce the cost of the Army. We are grateful for what he has done,—I mean a reduction of six crores in the last few years, and we are ready to admit that a great deal was due to his persistent efforts. But I do desire to impress upon the Treasury Benches that our Army should not cost us more today than England's Army costs England as compared to figures before the War. There is no justification for it. Circumstances have not changed to such a great extent as to

necessitate an increase in our fighting machine. It cannot be claimed that our fighting machine was not efficient before the War, and that it was necessary to make it much more efficient today. I do desire that Government should not only take these points into consideration,—that is merely repeating *ad nauseam* what we have said before,—but I desire to warn Government that we shall go on pressing these points until we are convinced that no further reductions can be made or should be made in the interests of India . . . .

**Raja Bahadur G. Krishnamachariar:** What about the Mesopotamia Report?

**Sir Cowasji Jehangir:** I quite admit, I willingly admit, not only do I admit, but I would urge upon my friends the need to see that the fighting machine in India is kept efficient, ready and always available for the necessities of the occasion . . . .

**Mr. C. C. Biswas:** Outside India?

**Sir Cowasji Jehangir:** Do not be under the impression that now or in the future India will ever go in for the theories urged in certain quarters that India can do with a smaller fighting machine. We know we cannot do without it, but we desire to see that that fighting machine shall be according to our requirements and no more.

**Major Nawab Ahmad Nawaz Khan** (Nominated: Non-Official): Are your requirements for internal or external purposes?

**Sir Cowasji Jehangir:** As it was pointed out in England, it is for the defence of India, whether that defence be internal or external.

Now, Sir, I will descend from the sublime to the ridiculous, if I may be allowed to, just for two minutes. My friend, Mr. Ghuznavi, was making certain remarks about the Committee over which I had the honour to preside, and, so far as I understood him, he said that the Committee had made a differentiation between the Superintendents of Post Offices and Superintendents of Telegraph Offices. The point is a very simple one. Whether an officer travels by first class or second class is determined by the limit of his salary. We found that certain officers in the Posts and Telegraphs were being given special facilities to travel by first class although the limit of their salary did not justify it. We recommended that economy should immediately be effected and those officers should not be allowed to travel first class. I believe that that recommendation will meet with the wholehearted support of this House and, if inefficiency has resulted from that recommendation, the fault is not the Committee's, but the fault is of the controlling officers, and if officers are reluctant to tour, as they ought to, because they are not allowed to travel first class, the responsibility is that of the Department, and, as a matter of fact, unless I get better proofs than the bare statement of my friend, Mr. Ghuznavi, I am reluctant to believe that officers tour less or not sufficiently, because they have been made to travel second class. Now, Sir, as far as the Committee is concerned, let Honourable Members clearly understand that the recommendations made were quite specific. Superintendents of Post Offices and officers of corresponding status on the Telegraph side, both Engineering and Traffic, were to lose their special classification as first

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class officers. There was no distinction made, and I am given to understand that that recommendation has been carried out by Government, and the statement by my friend, Mr. Ghuznavi, is not correct. I am given to understand that Superintendents of Telegraph Offices are nearly always officers of the second division of the Superior Traffic Branch or Deputy Superintendents in charge, and the pay of these officers is similar to that of Superintendents of Post Offices, and all alike are now classed as second class officers for the purposes of travelling allowance. There may be just one or two officers who are a class by themselves and who may not have been included, but the recommendations of the Committee never intended that they should be included. I have nothing more to say.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhamadan): Sir, after three days' debate in which most of the points, which Honourable Members on this side had to bring forward, have been amply discussed. I do not propose to detain the House for many minutes, particularly in view of the fact that I do not wish to repeat what I stated in the course of my speech on the General Budget. I wish merely to supplement a few facts more germane to the discussion in hand.

We have passed the Budget. We are now at the threshold of the taxation proposals. The question that arises in my mind, and I have no doubt that it must be present in the minds of many of my friends, is whether the *replica* of the taxation Bill of last year is justifiable this year. Following what the Honourable Members said in the course of the general debate, Members on this side of the House are not satisfied that the Finance Member has made out a *prima facie* case for his taxation proposals which would repeat the taxation Act of last year, and, to that extent, I feel certain that Members occupying the Popular Benches would concert a plan to thwart the action of the Finance Member. To what extent we shall succeed we know not, but that a serious effort must be made for the purpose of cutting down a reasonable proportion of the taxation proposed by the Finance Bill admits of no doubt. Honourable Members have pointed out various sources of contingent income of which no account is taken in the Budget, and my Honourable friend, Sir Cowasji Jehangir, has refreshed the memory of this House by pointing out that no less than Rs. 80 lakhs have been set apart for the payment of the War Debt taking no account of the reparation payment due to India.

As regards the military expenditure, Honourable Members on this side, and I am glad many occupants on the other side, are convinced that the cuts that have been made and the retrenchments effected are inadequate. I submit that my Honourable friend, Mr. Ghuznavi, has rightly pointed out, quoting the language of Sir Walter Layton, in his minute appended to the report of the Simon Commission, that in no country of the world did the military expenditure amount to as much as 62½ per cent. of the revenues of that country. May I add that even in the expert Committee known as the Brussels Economic Conference in which India and the India Office were represented, it was laid down as the unanimous opinion of that Conference that any country that spends more than 20 per cent. of its revenue upon its defence is riding for a fall. Taking that point of view, it seems to me that the military expenditure requires not only retrenchment, but requires a complete overhaul of policy without which no substantial reduction can be effected.

As regards civil expenditure, all our friends on this side have done their very best, subject to the constitutional limitations which were ever present to them, to make reductions and retrenchments. But here, again, what we want is a complete change of policy or the orientation of a new policy in which India should be able and be free to devise her military and civil expenditure according to her necessities and her needs.

Turning to the taxation proposals of the Finance Member, I was led to compare the proposals which he has laid before this House with the proposals of the Chancellor of the Exchequer, and those Honourable Members who are curious to compare the English Budget with the Indian Budget would find a very instructive page in this Volume, the Statesman's Year Book. Comparing the two, I find how curiously the Indian Budget seems to be a *verbatim* copy of the English Budget. Sir, the British are ruling India, and I should not be surprised if the Finance Member of the Indian Government takes his cue from the Chancellor of the British Exchequer regarding the heads of revenue and expenditure which he thinks appropriate for this country. May I ask him also to cast his eyes casually to the farther East and see whether that country also imitates the example of the United Kingdom? Turning a few pages over, I find in this very book a financial statement of the neighbouring Republic of France. Comparing the two, I see a strange contrast between the heads of revenue in that country and in England. Now, the reason why I have drawn attention to these facts is this. England is not India. England is a centralised industrial country, while India is at the present moment at the threshold of an industrial life, and all taxation must not only take the view of what taxes you wish to impose, but also take account of how those taxes will affect the objective you have in view. Now, we are all agreed that so far as this country is concerned, its purchasing power is at the minimum and, in order to increase the purchasing power, we have to industrialise agriculture and develop our industries. If, therefore, your taxation proposals cut across the growing nascent industries of this country, then you are offending against the fundamental principle upon which your taxation proposals should be based. We, therefore, say, as my Honourable friend, Sir Abdur Rahim, has pointed out, that your proposals to tax machinery and raw cotton imported into this country are on that ground indefensible. (Mr. H. P. Mody: "Hear, hear.") Further, we have been confronted with the epidemic of deficits in the Railway Department, in the Posts and Telegraphs Department and in all the spending Departments of the Government. I was reading a cable which came to this country from overseas in which it was stated that it was proposed in the United Kingdom to separate all the commercial departments from the administrative departments and that it was further proposed to reduce the freights and fares of the railways in order to make them more popular and more paying. Now, the policy of the Government of India for several years has been,—there is a deficit of so many crores in the railways, therefore raise the freights. But may I ask that there is the other alternative which the Government of India might have tried with perhaps greater advantage, namely,—there is a deficit of eight crores or nine crores, let us reduce the freight. Applying the same argument to the Posts and Telegraphs, perhaps the same panacea might also result in the balancing of the Posts and Telegraphs Budget. For the last 12 years, the policy of the Government of India, to my knowledge, has been, whenever there is a deficit, raise the freights and the fares and the postal rates. About ten

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years back, we were told that the postal rates were being increased for the purpose of increasing the number of village post offices. Some of my Honourable friends, who occupy these Benches, may remember the promise made. Today we have been told that the village post offices are no longer a paying proposition and the money that has been raised from the taxpayers in the form of postage has gone to increase the salary of the peons and overseers and the rest. My Honourable friend, Mr. Joshi, is staring at me, but may I point out to him that the other day, when he pleaded for the increase in the emoluments of the various labouring classes, he had fallen into a very serious mistake. He said that India has taken part in the International Labour Conference and Bureau and had subscribed to the Washington Convention. He might have also cast an eye upon the efficiency and the output of the Indian labourer as compared with the efficiency and the output of the labourer in Japan, Germany or England and then compared the wages of the two countries. It is all very well to pull one way, but also consider that there is the other side of the picture which is also well worthy of examination. If I were in the place of the Honourable the Finance Member, the first thing I would commit India to is a five year plan, an intensive plan for the industrialisation of the country and for the intensive production of wealth, thereby raising the purchasing power of the people and producing more wealth in the country and that would be a very right thing for the Honourable the Finance Member to do. The Finance Member is perhaps thinking with me on that point, but is conscious of his helplessness.

Some years ago, I came across an extremely picturesque and piquant note written by Lord Curzon, when he was Viceroy of India, on departmentalism, and there he complained that one Honourable Member ran his Department and the other Honourable Members had not even a chance of peeping into the arcana of his office, even through the key hole. That is the water tight compartmental system under which the Government of India at present work and it may be for that reason that the Government of India is not so efficient as it might be if there was a real collective responsibility of the character we have always been insisting upon. Honourable Members on this side of the House, during the last few days, have been complaining of the staggering outflow of gold from this country. My friend, Mr. Kyaw Myint, this morning pointed out that whether you regard it as a commodity or a precious metal, the outflow of gold, unchecked and uncontrolled by the Government, is indefensible. I look upon the storage of gold in this country as a currency metal, as the ultimate currency of almost all countries of the world, having a readily convertible value and, therefore, next door to currency. In that light I deprecate the outflow of gold and, it is in that light, I say, as Mr. Ghuznavi has just now pointed out, even the country overflowing with gold has recently placed an embargo upon the export of that metal. Other countries have placed a similar embargo before and I do not see why the Government of India should be reluctant to place an embargo upon the outflow of gold, seeing that no less than 107 crores of rupees have already gone out of the country, and seeing further that the Honourable the Finance Member has already admitted on a previous occasion that a quantity of the imports have been purchased at the expense of the gold which was the people's reserve. I, therefore, submit that the Finance Member should certainly have carried out the suggestions made from this side of the House in his

taxation proposals. It is not yet too late. I remember that in the first Assembly when the then Finance Member was subjected to a volley of criticism from this side, he immediately approached Leaders and said: "Let us now sit down and revise our taxation proposals." A sort of informal Select Committee sat in which the taxation proposals were examined and revised. I do not think it is too late for the Honourable the Finance Member to follow the example of his distinguished predecessor. We are prepared to help the Finance Member to tide over his difficulty, much as we may regret the narrow vision of the Finance Member which seems merely to point to one fact and one fact only, regardless of other factors in the situation, namely, "I wish to balance my Budget and damn the rest." Now, I submit, that is the narrow view of departmentalism which we deprecate and I would ask the Honourable the Finance Member to take some of us into confidence and see whether we cannot thresh out a reasonable proposal in which the immediate needs of the Government would be reconciled with the necessity of the people. There is one word more and I have done. For the last two years and more, we have been subjected to a series of taxation and we have been told that this tax is a very good one, or at any rate is justifiable, because it is a tax which is levied also in the United Kingdom. Members on this side of the House wish once more to emphasize what they have said before that what may be right in England is not necessarily right in this country and that we want the principle of taxation to be enunciated with a peculiar and particular reference to the system of life in this country and the development which this country needs and the condition of the people and the object which we have in view, of promoting trade, industries and commerce of this country, upon which the taxation proposals of the Honourable the Finance Member fall unequally and heavily.

**Several Honourable Members:** I move that the question be now put.

**Mr. President** (The Honourable Mr. R. K. Shanmukham Chetty): The Chair is prepared to accept the closure if it is the pleasure of the House that the question be now put. In view of the fact that it is a late hour in the day and that the House would like to listen to the reply of the Honourable the Finance Member, the Chair would ask the Finance Member to reply to the debate the first thing tomorrow morning. The question is that the question be now put.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 16th March, 1938