

20th April, 1934

THE

# LEGISLATIVE ASSEMBLY DEBATES

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Volume V, 1934

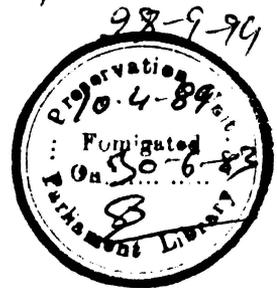
(16th April to 21st April, 1934)

SEVENTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY,  
1934

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1934

# Legislative Assembly.

*President:*

THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

*Deputy President:*

ABDUL MATIN CHAUDHURY, M.L.A.

*Panel of Chairmen:*

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MR. K. C. NEOGY, M.L.A.

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

MR. N. M. JOSHI, M.L.A.

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*Assistant of the Secretary:*

RAI BAHADUR D. DUTT.

*Marshal:*

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

*Committee on Public Petitions:*

MR. ABDUL MATIN CHAUDHURY, M.L.A., *Chairman.*

MR. K. C. NEOGY, M.L.A.

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

MR. T. R. PHOOKUN, M.L.A.

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

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# LEGISLATIVE ASSEMBLY.

Friday, 20th April, 1934.

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

## MEMBER SWORN.

Mr. Narayan Raghavan Pillai, M.L.A. (Government of India: Nominated official).

## QUESTIONS AND ANSWERS.

### REPLACEMENT AFTER THREE YEARS OF CLERKS WORKING IN THE APPOINTMENT SECTIONS OF THE POSTAL CIRCLE OFFICES.

776. \*Maulvi Muhammad Shafee Daoodi: (a) Is it a fact that there is a standing rule that clerks working in the appointment sections of post offices are required to be replaced after three years?

(b) If so, are Government prepared to consider the advisability of adhering to the same principle in respect of similar appointments in the Circle Offices?

The Honourable Sir Frank Noyce: (a) No; there is now no section in a post office designated the appointment section, and only the clerk in a General or First Class Post Office who deals with staff cases is required to be replaced after three years.

(b) Does not arise.

### TRANSFER OF THE INVESTIGATING INSPECTORS ATTACHED TO THE PUNJAB POSTAL CIRCLE OFFICE.

777. \*Maulvi Muhammad Shafee Daoodi: (a) Is it a fact that there is a standing order to the effect that Investigating Inspectors attached to Circle Offices should be transferred after five years' stay at one station?

(b) Is it a fact that one of the Investigating Inspectors attached to the Punjab Circle Offices is working in that capacity for the last six years, and is being further retained for six months more for the present?

(c) If so, do Government propose to intercede in the matter and see that the rules are rigidly followed in his case by ordering his immediate transfer?

The Honourable Sir Frank Noyce: (a) Yes, but on account of the existing financial stringency such orders have been temporarily held in suspense and transfers are being made only in the cases in which they are considered by the Head of the Circle to be specially desirable.

(b) The facts are substantially as stated by the Honourable Member.

(c) No. The Honourable Member is referred to the reply given to part (a) of his question.

**TRANSFER OF THE PRESENT SORTING INSPECTOR ATTACHED TO THE PUNJAB POSTAL CIRCLE OFFICE.**

**778. \*Maulvi Muhammad Shafee Daoodi:** (a) Will Government please state the duties assigned to the sorting inspectors attached to Circle Offices, and whether there is any specific ruling governing the duration of stay as a sorting inspector?

(b) Is it a fact that the present sorting inspector, attached to the Punjab Circle office, has displayed splendid achievement in reducing the expenditure incurred in the Railway Mail Service to a considerable extent, and was once recommended for nomination as a Superintendent?

(c) Is it also a fact that the transfer of the said sorting inspector has been ordered just after he had served in this capacity for five years, rendering meritorious services, whereas another investigating inspector of the Punjab Circle Office who has utterly failed in carrying out his duties efficiently, is retained in the circle office for an extended period?

(d) If the facts are as stated above, do Government propose to enquire into the causes of such differential treatment and to do justice to the man concerned?

**The Honourable Sir Frank Noyce:** (a) As regards the first part, a statement briefly explaining the duties of a Sorting Inspector is laid on the table. The reply to the second part is in the negative.

(b) to (d). Government have no information. The matter is within the discretion of the Postmaster-General, Punjab and North West Frontier, to whom a copy of the question and of this reply is being sent for such action as he may consider necessary.

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*Statement.*

The principal duty of a Sorting Inspector is to supervise the work done in the Sorting Branch of the Postmaster-General's office and to see that the sorting lists of each sorting section and office in the Circle are corrected up to date. A sorting Inspector may be deputed to visit occasionally the more important sorting sections and offices in the Circle with a view to suggest improvements in sorting arrangements, to discuss such arrangements with other officers, to make enquiries about the detention of mails, or to do any other work that may be required of him by the Postmaster-General.

**DELIMITATION OF CONSTITUENCIES FOR THE PROVINCIAL AND CENTRAL LEGISLATURES.**

**779. \*Sirdar Harbans Singh Brar:** (a) Will Government please state the spade work so far done by the Reforms Office in the matter of delimitation of constituencies for the Provincial and Central Legislatures under the White Paper scheme?

(b) Is it a fact that provincial conclusions have been arrived at regarding the constituencies for some of the Provinces at least?

(c) Is it also a fact that the tentative provisional conclusions arrived at some six months ago have been radically altered, as far as some of the Provinces are concerned, during the last few weeks? Will Government be pleased to state the reasons for this, with special reference to the Punjab?

(d) What is the procedure proposed to be adopted regarding a final decision in this matter?

(e) Do Government propose to invite public co-operation,—as was done regarding franchise—by issuing a questionnaire and inviting memoranda and evidence thereon, or not?

(f) Do Government propose to make the provisional conclusions public immediately, so that public criticism may be invited before taking a final decision?

**The Honourable Sir Brojendra Mitter:** (a), (b) and (c). As the Honourable Member is aware, no proposals for the delimitation of constituencies were included in the White Paper; nor have any instructions yet been given by His Majesty's Government for work on that part of the electoral scheme to be taken up. In the meantime, purely by way of exploration and without in any way prejudging Parliamentary decisions on the future franchise, some preliminary examination of the delimitation of constituencies has been made by Provincial Governments. This preparatory work has not been controlled by the Government of India who are not in a position to supply information of the progress achieved province by province.

(d), (e) and (f). No decisions have yet been taken as regards the procedure to be adopted for framing proposals for the delimitation of constituencies.

#### APPOINTMENT OF TRADE COMMISSIONERS.

**780. \*Sirdar Harbans Singh Brar:** (a) Will Government please state the number of countries in which they have appointed Trade Commissioners or Deputy Trade Commissioners?

(b) How many of them were recruited from the services, and how many from amongst non-officials?

(c) Do Government propose to appoint some more Trade Commissioners in countries where there are none at present and to limit the selection thereof to officials, or not?

(d) Who is the Trade Commissioner at Hamburg in Germany? What post did he hold before his present appointment?

**The Honourable Sir Joseph Bhor:** (a) Two, namely, England and Germany. There is a Trade Commissioner and a Deputy Trade Commissioner in London, and one Trade Commissioner at Hamburg.

(b) All the three officers were recruited from the Indian Civil Service.

(c) A scheme has been sanctioned for the appointment of Trade Commissioners abroad, but further progress with the scheme has been held in abeyance for the present on grounds of financial stringency. It is not proposed to appoint officials only to these posts.

(d) The Indian Trade Commissioner at Hamburg is Mr. S. N. Gupta of the Indian Civil Service in Bengal. Previous to his appointment to this post, he was holding the post of Deputy Trade Commissioner, London.

#### GENERAL ELECTION OF THE LEGISLATIVE ASSEMBLY.

**781. \*Sirdar Harbans Singh Brar:** Will Government please state the date or dates on which the general election for this House is likely to take place?

**The Honourable Sir Brojendra Mitter:** The Honourable Member is referred to the answer which I gave to Mr. Maswood Ahmad on Saturday, the 14th instant.

**DEPUTY SECRETARIES, UNDER SECRETARIES AND ASSISTANT SECRETARIES  
IN THE GOVERNMENT OF INDIA DEPARTMENTS.**

**782. \*Sirdar Harbans Singh Brar:** Will Government please state the number of Deputy Secretaries, Under Secretaries and Assistant Secretaries in the different departments of the Government of India? How many of them are recruited from the services and how many from amongst non-officials?

**The Honourable Sir Harry Haig:** A statement containing the information is laid on the table. All the officers entered in the statement have been recruited from the services

*Statement showing the number of Deputy Secretaries, Under Secretaries and Assistant Secretaries or officers of equal status, in the several Departments of the Government of India and the source from which they have been recruited.*

Name of Department.	No. of Deputy Secretaries or officers of equal status.	No. of Under Secretaries or officers of equal status.	No. of Assistant Secretaries or officers of equal status.
Home . . . . .	1	1	1
Foreign and Political . . . . .	3	1	2
Finance . . . . .	1	1	2
Army . . . . .	1	1	1
Legislative . . . . .	1	..	2
Commerce . . . . .	1	1 (ex-officio)	2
Railway (Railway Board) . . . . .	6	5	1
Education, Health and Lands . . . . .	2	..	1
Industries and Labour . . . . .	1	1	2
Financial Adviser, Military Finance . . . . .	5	..	5
Legislative Assembly Department . . . . .	..	..	1
Imperial Council of Agricultural Research Department. . . . .	..	..	1
Reforms Office . . . . .	1	..	1
<b>Total . . . . .</b>	<b>23</b>	<b>11</b>	<b>22</b>

SALT MANUFACTURING WORKS IN INDIA.

783. \*Mr. Sitakanta Mahapatra: Will Government be pleased to state:

- (a) the names of the salt manufacturing works in India, province by province, with their location;
- (b) how many of these are being conducted by Government and how many by private concerns;
- (c) how many of these are making profits and how many are running at a loss; and
- (d) the quantity of salt produced in India by each of these concerns?

The Honourable Sir George Schuster: (a), (c) and (d). There are 676 salt works in India and an attempt to secure the information asked for in these parts of the question would involve an expenditure of time and trouble entirely disproportionate to the value of the results obtained.

(b) Of the total number of salt works mentioned, 18 are Government concerns.

SALT MANUFACTURING WORKS IN INDIA.

784. \*Mr. Sitakanta Mahapatra: Will Government be pleased to state:

- (a) the number of salt manufacturing concerns in India before 1931, and whether any increment in number has been made since then;
- (b) the quantity of salt manufactured in India before 1931 and the increase if any, in the quantity since the protective duty on salt has been imposed?

The Honourable Sir George Schuster: (a) I would invite attention to my reply to the Honourable Member's starred question No. 783.

(b) A statement is laid on the table.

Statement showing quantities of salt manufactured in British India (excluding Aden).

		Quantity of salt manufactured during the years				
		1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
		Mds.	Mds.	Mds.	Mds.	Mds.
Northern India Salt Revenue Department.		1,23,69,457	1,12,80,094	1,38,82,071	1,28,24,127	1,20,16,284
Bombay		1,37,32,616	1,39,18,322	1,31,12,942	1,09,96,853	1,13,46,591
Sind		8,40,840	9,88,557	9,04,941	12,07,476	13,57,845
Madras		1,21,02,368	1,13,74,295	98,75,646	1,46,43,594	1,28,47,522
	Composition duty Areas.	48,555	38,226	44,217	43,022	46,691
Burma	Direct duty Areas.	6,09,642	4,86,174	5,34,542	6,33,316	7,43,906
Total		3,97,03,478	3,80,85,668	3,83,54,359	4,03,48,391	3,83,58,841
		Before the imposition of the additional import duty.			After the imposition of the additional import duty.	

## DEVELOPMENT OF INLAND SOURCES OF SALT SUPPLY IN INDIA.

785. \*Mr. Sitakanta Mahapatra: Will Government be pleased to state what they have done to implement the recommendation of the Indian Tariff Board on the salt industry to develop inland sources of salt supply in India to sufficiently supply the Bengal market with rail-borne salt?

**The Honourable Sir George Schuster:** The attention of the Honourable Member is invited to the reports of the Central Board of Revenue, on the working of the Salt (Additional Import Duty) Act for the years 1981, 1982 and 1983, copies of which have been supplied to the Members of the Indian Legislature and copies of which have also been placed in the Library of the House.

## DEVELOPMENT OF THE SOURCES OF SALT SUPPLY IN ORISSA.

786. \*Mr. Sitakanta Mahapatra: Will Government be pleased to state what action has been taken by them to develop the sources of salt supply in Orissa, which were found suitable by Mr. C. H. Pitt, who investigated the question?

**The Honourable Sir George Schuster:** The information is being obtained and will be laid on the table, in due course.

## REQUEST BY THE RAJA SAHEB OF PARIKUD FOR HELP TO START A SALT FACTORY ON THE CHILKA LAKE.

787. \*Mr. Sitakanta Mahapatra: (a) Will Government be pleased to state if it is a fact that the Raja Saheb of Parikud approached them for help to start a salt factory on Chilka Lake?

(b) If the answer to part (a) be in the affirmative, what was the decision taken by Government on that request?

**The Honourable Sir George Schuster:** (a) The Raja approached the Bihar and Orissa Government in 1932 in the matter.

(b) The Local Government granted a license to the Raja for the manufacture of Karkatch salt at Gurubai on the Chilka Lake and allowed him a monopoly for five years for the manufacture of that type of salt in the district of Puri. The Local Government also expressed their willingness to pay for the entire cost of the preventive staff for three years in the event of the manufacture being started.

**Mr. B. Das:** May I enquire whether Government will subsidise part of the money which they have now set apart for the development of salt sources in Bengal and Orissa from their central fund?

**The Honourable Sir George Schuster:** I did not clearly follow my Honourable friend's question. In any case, I think I should have notice of the question, and also remind him that the Resolution on the Salt policy is to be discussed in this Assembly and that we shall not decide our policy until the Resolution is disposed of.

**Mr. G. Morgan:** When is the Resolution expected to be discussed and disposed of? In the next Simla Session?

**The Honourable Sir George Schuster:** Yes, Sir. In the next Simla Session.

DEVELOPMENT OF THE SOURCES OF SALT SUPPLY IN ORISSA.

788. **\*Mr. Sitakanta Mahapatra:** (a) Will Government be pleased to state if it is a fact that the Government of Bihar and Orissa are spending the amount received from salt duty on general administration instead of in developing the sources of salt supply in Orissa?

(b) If the reply to part (a) above be in the affirmative, do Government propose to consider the desirability of holding the amount due to the Bihar and Orissa Government in their hands and spending it on developing salt supply sources in Orissa?

**The Honourable Sir George Schuster:** (a) The attention of the Honourable Member is invited to paragraph 12 of the Report of the Central Board of Revenue, on the working of the Salt (Additional Import Duty) Act, for the year 1932, a copy of which was given to each Member of the Indian Legislature in March last year and a copy of which has also been placed in the Library.

(b) Government do not propose to take any action in the matter until after the proposed discussion of the subject in the Legislative Assembly has taken place.

AMOUNT RECEIVED BY THE BIHAR AND ORISSA GOVERNMENT FROM THE SALT IMPORT DUTY.

789. **\*Mr. Sitakanta Mahapatra:** Will Government be pleased to state what sum of money the Bihar and Orissa Government have received from the salt import duty up to date?

**The Honourable Sir George Schuster:** The amount so far paid to the Government of Bihar and Orissa, on account of their share of the additional import duty on foreign salt, is Rs. 6,65,000 as follows:

	Rs.
1931-32 . . . . .	2,83,500
1932-33 . . . . .	3,19,200
1933-34 (April to September, 1933) . . . . .	62,300
Total . . . . .	6,65,000

**Mr. K. C. Neogy:** May I invite my Honourable friend on this occasion to make a statement for the guidance of his successor that the Resolution regarding the Salt Import Duty was agreed to be postponed to the next Simla Session on the understanding that the proceeds of the additional import duty shall not be distributed among the Provinces till the discussion of the Resolution has taken place?

**The Honourable Sir George Schuster:** That, Sir, was the understanding, and I am glad to confirm it.

**Mr. Gaya Prasad Singh:** What steps have the Government of India taken to see that the sum of money given to the Government of Bihar is ear-marked for the special purpose for which it has been allotted?

**The Honourable Sir George Schuster:** The Government of India took the steps which they promised in the Assembly of conveying to the Government of Bihar a copy of the Debate in the Assembly on the matter; beyond that the Government of India have not taken any steps.

**Mr. Gaya Prasad Singh:** Are the Government of India aware that the Bihar Government have appropriated the money for general purposes instead of keeping it for the development of salt industry in that Province?

**The Honourable Sir George Schuster:** I think my Honourable friend's statement is approximately correct.

**Mr. Gaya Prasad Singh:** What steps do the Government of India propose to take to see that the amount which has been spent on general purposes should be taken back and ear-marked for the purpose for which the money was given to the Provincial Government?

**The Honourable Sir George Schuster:** The Government of India propose to allow the matter to be discussed in this Assembly and to decide on their steps after that discussion.

#### SALT MANUFACTURE ON THE SEA COAST OF ORISSA.

790. **\*Mr. Sitakanta Mahapatra:** (a) Will Government be pleased to state if it is a fact that since the enquiry by Mr. Pitt, another officer of the Government of India, Mr. Ayyangar was deputed to enquire into the possibilities of salt manufacture on the sea board of Bengal? If so, what was the result of his investigations?

(b) Did he go to Orissa? If not, why not?

(c) Do Government contemplate making any further enquiry into the possibilities of salt manufacture either on a commercial scale or on a cottage industry basis on the sea coast of Orissa?

**The Honourable Sir George Schuster:** (a) No, Mr. Rajagopala Ayyangar was deputed to Bengal and Orissa not to enquire into the possibilities of salt manufacture on the Sea Board of Bengal, but to examine the possibilities of a more economical arrangement for conducting salt preventive work in those areas.

(b) Mr. Ayyangar did go to Orissa.

(c) The Government of India do not at present contemplate any further enquiry.

**Mr. Sitakanta Mahapatra:** Is any report of Mr. Ayyangar available in the Library?

**The Honourable Sir George Schuster:** That was purely a departmental report.

**PAYMENT OF THE SALT IMPORT DUTY TO ORISSA ON ITS SEPARATION.**

791. **\*Mr. Sitakanta Mahapatra:** When Orissa is constituted into a separate province is it proposed that the Government of Bihar and Orissa hand over to the Orissa Government their portion of money from the salt import duty that the Bihar and Orissa Government have spent on general administration?

**The Honourable Sir George Schuster:** The question is hypothetical and, therefore, calls for no answer.

**RETRENCHMENT OF ORIYAS IN THE INCOME-TAX DEPARTMENT, BIHAR AND ORISSA.**

792. **\*Mr. Sitakanta Mahapatra:** (a) Will Government be pleased to state if two officers in the personnel of the Income-tax Department in Bihar and Orissa were retrenched in 1932?

(b) Are Government aware that this meant 50 per cent retrenchment of Oriya representation in the personnel of the Income-tax Department?

(c) Is it a fact that the Oriya Peoples Association protested against this measure? If so, what was the reply given to them?

(d) Is it a fact that the Central Board of Revenue acceded to the request of the Commissioner of Income-tax, Bihar and Orissa to allow him a free hand to retrench three officers?

(e) Is it a fact that the Commissioner of Income tax, Bihar and Orissa, first served the officers with notices to quit, allowing scarcely a fortnight's time, and that it was after some correspondence between the Member, Central Board of Revenue and Mr. B. Das, and the consequent intervention of the Central Board of Revenue that the order was cancelled?

(f) Is it a fact that no regular and open proceedings were drawn up against these officers, nor were they allowed any opportunity to clear up their position?

(g) If it is a fact that the Commissioner of Income-tax, Bihar and Orissa, was authorised to retrench three officers, what happened to the third one?

(h) Is it a fact that there was at least one other Income-tax officer in Bihar and Orissa who, in spite of his increment having been stopped, promotions withheld and pay reduced, safely escaped retrenchment?

**The Honourable Sir George Schuster:** (a) Not two but three Income-tax Officers were retrenched in the Income-tax Department, Bihar and Orissa in 1932.

(b) Yes.

(c) Yes. No reply was given.

(d) The Commissioner effected the retrenchment in accordance with the orders of the Government of India.

(e) Seventeen days' notice was given by the Commissioner to the officers brought under retrenchment. The answer to the second part of the question is in the negative.

(f) Yes; under the retrenchment rules it was not necessary to draw up regular proceedings. Retrenchment is not a punishment.

(g) All three were retrenched.

(h) The Government have no information on this point.

#### RETRENCHMENT OF ORIYAS IN THE INCOME-TAX DEPARTMENT, BIHAR AND ORISSA.

793. \***Mr. Sitakanta Mahapatra**: Will Government be pleased to state the principle on which the retrenchment of two officers in the Income-tax Department in Bihar and Orissa has been carried out?

**The Honourable Sir George Schuster**: The officers were retrenched in accordance with the principles laid down by the Government of India which are confidential.

#### CHANCE GIVEN TO ONE MUNNA LALL, TEMPORARY GOODS CLERK, NORTH WESTERN RAILWAY, TO REAPPEAR IN THE REFRESHER COURSE.

794. \***Bhagat Ohandi Mal Gola**: Are Government aware that Munna Lall, temporary Goods Clerk, North Western Railway, having failed in the Refresher Course in one attempt was given another chance to reappear in it? If so, will Government please state whether the other staff of the same class were allowed to do so? If not, why not?

**Mr. P. E. Rau**: Government have no information. The matter complained of is entirely within the competence of the Local Railway Administration, and Government do not propose to interfere.

**Pandit Satyendra Nath Sen**: Is it a fact that the Refresher course is intended to refresh the memory of candidates and that no candidate is bound to pass any examination relating to that course for the continuity of his service.

**Mr. P. E. Rau**: I want notice of the question.

#### AMENDMENT OF APPEAL RULES APPLICABLE TO RAILWAY EMPLOYEES.

795. \***Bhagat Ohandi Mal Gola**: (a) Are Government aware that the Divisional Superintendent North Western Railway, Delhi, *vide* his letters No. 729/E./24/240 and No. 248 of the 16th September and the 13th December, 1980, respectively, informed the *ex-employees* on appeal that the final decision in such cases lay within the competence of the Divisional Superintendent? If so, will Government please state what course is open for the appellants in cases in which neither the Divisional Superintendent, nor the Agent, entertains the appeals, nor is any reply given to the aggrieved petitioners?

(b) Are Government aware that the temporary staff of the North Western Railway, working against permanent vacancies, appealed to the Agent as well as to the Railway Board, up to 1932 but to no avail? If so, will Government please state how the Railway authorities say "the event occurred several years back"?

(c) Are Government aware that the temporary staff was appointed to clear up the old arrears and to be ultimately confirmed, provided they carried out their duties satisfactorily and to the entire satisfaction of their immediate officers? If so, will Government please state why sympathetic consideration was not given to their services?

(d) Will Government please state what steps, if any, are being taken to safeguard the interests of their staff by amending suitably the rules of appeal?

**Mr. P. R. Rau:** (a) As regards the first part of the question, Government are not aware of the circumstances in the particular case cited. As regards the second part, the rules provide that if an appeal lies to higher authority in any case, a lower authority may not withhold the appeal except on grounds which are specified in the appeal rules. Government have, moreover, recently issued instructions that the employees should always be informed of the decision on his appeal.

(b) and (c). From the question to which my Honourable friend alludes, it appeared that the events referred to occurred in 1929 or 1930. So far as Government are aware, no appeals lie to the Railway Board. The question is one entirely within the competence of the North Western Railway Administration to decide, and Government are not prepared to interfere.

(d) Government are not aware that any special steps are necessary. If my Honourable friend has any practical suggestions to make, Government will be quite prepared to give them the most careful consideration.

**Pandit Satyendra Nath Sen:** Is it not a fact that in many Divisions on the East Indian Railway, there is a general complaint as regards the entertainment and disposal of appeals?

**Mr. P. R. Rau:** I am aware that my Honourable friend has made that complaint in the House very often.

#### ALLEGED IRREGULARITIES IN FILLING UP THE APPOINTMENTS OF THE POSTMASTERS-GENERAL.

796. **\*Rao Bahadur S. R. Pandit:** (a) Has the attention of Government been drawn to an editorial note in *The Daily News* of Nagpur, dated the 23rd of March, 1934, in respect of some grave irregularities committed in filling up the appointments of the Postmasters-General, Class I, consequent to the elevation of Mr. G. V. Bewoor, I.C.S., to the post of the Director-General of Posts and Telegraphs?

(b) Will Government be pleased to state if the facts mentioned in the aforesaid article are, or are not, true and whether the appointment of Mr. A. Brokenshaw as officiating Postmaster-General is not in direct contravention of the Notification No. S. A.-194/32-II, dated the 8th February, 1934, published in the Gazette of India, No. 6 (Part I), dated New Delhi, the 10th February, 1934, and containing definite and clear rules made by the Governor General in Council regulating the promotion to the ten posts of Postmaster-General?

(c) Will Government be pleased to state if any representations in this connection were made to the Director General of Posts and Telegraphs, New Delhi, and, if so, what reply was given to them?

(d) If the allegations of injustice, irregularities, etc., be true, will Government be pleased to state what steps they propose to take to remedy the same?

**The Honourable Sir Frank Noyce:** (a) Government have seen the note in question, but do not admit that any irregularity was committed in making the appointments of Postmasters-General.

(b) It is a fact that Mr. A. Brokenshaw, Director of Telegraph Engineering, Bombay Circle, has been appointed to officiate as Postmaster-General, Madras Circle. This appointment is not, however, in contravention of the rules published in the notification, dated the 8th February, 1934. It is within the terms of rule 1 of those Rules. Rule 3 (b) of those rules merely prescribes the minimum number of 11 administrative posts for officers of the Superior Telegraph Engineering Branch who were serving in the Indian Telegraph Department on the 31st March, 1914, and it does not prohibit the provision of more than 11 posts for officers of that Branch if Government consider this necessary in the interests of service. Mr. Brokenshaw is an officer who was in service in the old Indian Telegraph Department on the 31st March, 1914.

(c) Yes; in reply to a telegram from the Postal Officers Association, the attention of that body was invited to the rules published in the notification, dated the 8th February, 1934, and they were informed that the appointment of Mr. Brokenshaw was made in accordance with rule 1 of those rules and that the Director-General regretted that he was unable to recommend to Government that that appointment should be reconsidered.

(d) Does not arise in view of the replies to parts (a), (b) and (c).

#### STAFF CLERK OF THE DELHI GENERAL POST OFFICE.

797. \*Bhal Parma Nand: (a) Is it a fact that a resolution of 'no confidence' in the staff clerk of the Delhi General Post Office, at present working as an officiating accountant in the same office, was passed by the Hindu Posts and Telegraphs Conference held at Lahore in December, 1933, on account of his taking an active part in introducing communism in the Postal Department?

(b) Have Government received a copy of the said resolution? If so, what action have they taken to stop his activities?

(c) Is it a fact that he has put in 33 years' service so far and being a Muslim has neither been retired nor retrenched, while non-Muslim officers in similar circumstances have been retired?

**The Honourable Sir Frank Noyce:** (a) and (c). Government have no information.

(b) The reply to the first part of the question is in the negative and the second part does not arise.

**RE-TRANSFER OF THE MUSLIM TOWN INSPECTOR OF POST OFFICES FROM DELHI TO HISSAR.**

**798. \*Bhai Parma Nand:** Is it a fact that a Muslim Town Inspector who was some time ago transferred from Hissar to Delhi as a punishment for his activities against non-Muslim staff, has again been re-transferred to Hissar?

(b) Is it a fact that under the orders of the Postmaster-General, Delhi, he was not to be posted to Hissar and Gurgaon? If so, why has he not been transferred to a Division other than Hissar and Gurgaon?

**The Honourable Sir Frank Noyce:** (a) and (b). Government have no information. The matter is one with which the Postmaster-General, Punjab and North-West Frontier, to whom a copy of this question is being sent, is competent to deal.

**REFUSAL OF PASSPORT TO SARDAR AMAR SINGH BAMRAL TO VISIT JAPAN.**

**799. \*Mr. Gaya Prasad Singh** (on behalf of Sardar Sant Singh): (a) Is it a fact that Sardar Amar Singh Bamral applied for a passport to Japan to push the sale of santonin in that country?

(b) Why was the passport refused to Sardar Amar Singh Bamral?

(c) Was there any danger apprehended if Sardar Amar Singh Bamral had gone to Japan on purely commercial purposes?

**The Honourable Sir Harry Haig:** (a) Yes.

(b) and (c). I understand that a passport has been refused by the Punjab Government in view of his past activities, both in and outside India, which render the grant of such facilities undesirable.

**Mr. Gaya Prasad Singh:** Do I understand Government to say that the passport was refused by the Punjab Government in view of the activities of this gentleman outside India?

**The Honourable Sir Harry Haig:** Yes, Sir, that is what I said in part.

**Mr. Gaya Prasad Singh:** May I know what is the nature of his activities outside India to which reference has been made?

**The Honourable Sir Harry Haig:** I am afraid I cannot give details.

**Mr. S. C. Mitra:** Was this gentleman ever convicted of any offence in India or outside India? If so, was it for any violent crime or any other thing?

**The Honourable Sir Harry Haig:** In October, 1930, he was sentenced in Delhi to four months' rigorous imprisonment.

**Mr. Gaya Prasad Singh:** May I know under what law or for what offence he was convicted? Was it in connection with the Congress movement or the Civil Disobedience Movement?

**The Honourable Sir Harry Haig:** He was prosecuted for a seditious speech.

**Mr. S. C. Mitra:** I think I understood the Honourable Member to say that it was due to his activities abroad and not for any conviction in India that his passport was refused. Is that correct?

**The Honourable Sir Harry Haig:** No, Sir, that is not correct. My answer was, "in view of his past activities both in and outside India".

**Mr. Gaya Prasad Singh:** Will Government grant a passport to this gentleman if the Japanese Consul General in India assures the Government of India that he will not interest himself in any political movement while in Japan?

**The Honourable Sir Harry Haig:** The Japanese Consul General is obviously not in a position to give any such assurance.

#### ELECTION OF THE STANDING COMMITTEE ON ROADS.

**Mr. President** (The Honourable Sir Shanmukham Chetty): I have to inform the Assembly that the following Members have been elected to the Standing Committee on Roads, namely:

- (1) Khan Bahadur H. M. Wilayatullah,
- (2) Rao Bahadur S. R. Pandit,
- (3) Mr. G. Morgan,
- (4) Mr. P. G. Reddi,
- (5) Haji Chaudhury Muhammad Ismail Khan, and
- (6) Mr. N. R. Gunjal.

#### THE HINDU MARRIAGES DISSOLUTION BILL.

##### PETITIONS LAID ON THE TABLE.

**Secretary of the Assembly:** Sir, under Standing Order 78, I have to report that 5 petitions, as per statement laid on the table, have been received relating to the Bill to remove certain doubts regarding the dissolution of marriages of persons professing the Hindu religion, which was introduced in the Legislative Assembly on the 27th January, 1981, by Sir Hari Singh Gour.

*Petitions relating to the Bill to remove certain doubts regarding the dissolution of marriages of persons professing the Hindu religion, which was introduced in the Legislative Assembly on the 27th January, 1981.*

Number of signatories.	District or Town.	Province.
11	Gauhati.	Assam.
8	Do.	Do.
170	Do.	Do.
381	..	Do.
2,235	..	Do.
<b>2,805</b>		

# THE HINDU TEMPLE ENTRY DISABILITIES REMOVAL BILL.

## PETITIONS LAID ON THE TABLE.

**Secretary of the Assembly:** Sir, under Standing Order 78, I have to report that 39 petitions as per statement laid on the table have been received relating to the Bill to remove the disabilities of the so-called Depressed Classes in regard to entry into Hindu temples, which was introduced in the Legislative Assembly on the 24th March, 1933, by Mr. C. S. Ranga Iyer.

*Petitions relating to the Bill to remove the disabilities of the so-called Depressed Classes in regard to entry into Hindu temples, which was introduced in the Legislative Assembly on the 24th March, 1933.*

Number of signatories.	District or Town.	Province.
11	Surat . . . . .	Bombay.
11	Ahmedabad . . . . .	Do.
3	Do. . . . .	Do.
25	Do. . . . .	Do.
9	Bhonigar . . . . .	Do.
2	Do. . . . .	Do.
9	Dakore . . . . .	Do.
9	Ahmedabad . . . . .	Do.
9	Dwarka . . . . .	Do.
5	Do. . . . .	Do.
4	Jafarabad . . . . .	Do.
9	Kundla . . . . .	Do.
9	Nathadwar . . . . .	Do.
9	Palam . . . . .	Do.
9	Petlad . . . . .	Do.
5	Radhanpur . . . . .	Do.
9	Rupalkahol . . . . .	Do.
9	Thana . . . . .	Do.
9	Virangaum . . . . .	Do.
9	Do. . . . .	Do.
12	Ahmedabad . . . . .	Do.
4,135	Do. . . . .	Do.
8	Nellore . . . . .	Madras.
2	Do. . . . .	Do.
4	Do. . . . .	Do.
4	Do. . . . .	Do.
5	Do. . . . .	Do.
15	Guntur . . . . .	Do.
5	Do. . . . .	Do.
22	Do. . . . .	Do.
10	Do. . . . .	Do.
6	Do. . . . .	Do.
14	Do. . . . .	Do.
253	Do. . . . .	Do.
25	Do. . . . .	Do.
17	Do. . . . .	Do.
9	Gauhati . . . . .	Assam.
176	Do. . . . .	Do.
1,136	Do. . . . .	Do.
<b>6,032</b>		

## THE MATCHES (EXCISE DUTY) BILL.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the following motion moved by the Honourable Sir George Schuster on the 19th April, 1934:

"That the Bill to provide for the imposition and collection of an excise duty on matches, as reported by the Select Committee, be taken into consideration."

**Mr. K. O. Neogy** (Dacca Division: Non-Muhammadan Rural): Sir, it is not possible at any time to be enthusiastic over any measure of taxation, particularly when that measure has the effect of increasing the price of a necessity of life by a hundred per cent all at once. But, at the same time, I must admit that I am not prepared to take the responsibility for opposing this Bill. The only redeeming feature about the measure, as far as I can see, is the unanimous support that it got from the Select Committee, a support which was granted in consultation with the manufacturing interests concerned. And, so far as I have been able to find out, the Bill has not evoked any large measure of opposition in the Press either.

Now, Sir, there is only one point to which I should like to turn just for a few moments, and that is the point raised in the minute appended to the report by six Honourable Members of the Committee. Reference has already been made to that point, and I only want to reinforce the observations made in that minute of dissent.

Sir, the Honourable the Finance Member in his Budget speech laid before the House the scheme that he proposes to follow in this matter. We are at one with him in thinking that if this measure is to be passed, it has got to be made effective in its administration, and for that reason we must provide Government with necessary powers to see that there is no leakage and that there is no illicit import of matches from any State into British India upon which no corresponding excise duty has been paid. For that reason we are in perfect agreement with the provision of clause 7 in the Bill. We have already incorporated a similar provision in the Sugar (Excise Duty) Bill, but I am not quite clear as to the exact reasons that have led Government into putting forward two different proposals in regard to two measures of the same kind. In regard to the Sugar (Excise Duty) Bill, Government are content to take the power to prohibit the importation of sugar from the Indian States unless a corresponding excise duty has been paid upon it. But, here, in the case of matches, we find that Government are embarking on a policy of joint action in which the States are expected to come into line with British India. In the case of those States which have got a match industry, they are expected to hand over to the Government of India the proceeds of any corresponding excise which they may levy, and the proceeds of the taxation both in British India and in the Indian States will be distributed on either a consumption basis or on a population basis to the Indian States. My Honourable friend has no doubt pointed out that having regard to the fact that the duty that is being sought to be imposed on matches is very high, the temptation for smuggling would be far greater in this case than in the case of sugar. Apart from that I do not find any other reason that could possibly support this differential treatment of the two cases. I find that, in the case of those States that join

in this understanding, the proceeds of the taxation will be distributed among the States of this class on an estimated consumption basis. That is what my Honourable friend said; but those States which have no match industry of any kind are also entitled to claim a share of the taxation that we are going to enable the Government to raise by this Bill; and here comes in another small point, because I find that in seeking to distribute a proportion of the proceeds among the States which have no industry, the basis which my Honourable friend proposes to adopt is not that of consumption, but of population basis. I do not know whether my Honourable friend makes any distinction between the consumption basis and the population basis, because I find that one of the points made in the minute to which I have referred is that the standards of consumption vary between British India and the States. But that is a small point. I should like my Honourable friend clearly to explain to the House the reason why a new departure in this particular manner is being made by Government. The House is aware that the Butler Committee devote one chapter of its Report to the financial relations at present subsisting between British India and the Indian States, and there they recommend that an inquiry should be made into the claims of the States that they are entitled to a share of the taxation which is imposed by the British Indian Legislature, but which is paid by the people of the States as much as British Indian subjects. I do not know whether any expert inquiry has taken place under that particular recommendation; but I know that there was a special committee appointed by Government. I think, in 1930, a Committee, presided over by Mr. Nind, went into this matter and the report is available in the Library of this House. As far as I remember, that Committee came to the conclusion that the States contribution to the British Indian Exchequer under the head "customs" alone is in the neighbourhood of about six crores of rupees annually. As against this, if you try to assess the legitimate contribution that can be expected from the States towards the Imperial burdens it will not be more than two crores or so—I am speaking entirely from memory. So the States have already a claim to a very large proportion of the taxation raised by the British Indian Legislature. And I should like to know from my Honourable friend as to whether it is in consequence of that claim that my Honourable friend is making this concession. . . .

**The Honourable Sir George Schuster** (Finance Member): Certainly not.

**Mr. K. C. Neogy**: I am very glad to have that assurance, because I thought that we might be creating a very dangerous precedent. This is not the only excise that the Government of India have imposed. There is, for instance, the excise on kerosene, not to mention the excise on petrol and the excise on sugar which we have agreed to impose by the measure we passed two days ago. I should like my Honourable friend to tell this House the reasons why he seeks to differentiate the case of other excises from this particular excise, and I should like my Honourable friend also to tell us as to how he proposes to meet the claims of States, supposing they come up to Government and cite this as a precedent and ask for some relief in respect of their share of contribution to the British Indian taxation either in the shape of indirect taxation like customs or in the shape of any excise. I should, further, like to know how many States in India have at the present moment got any match industry of any consequence and what proportion of the total production in India is being manufactured in those States. Then, again, when I turn to the

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calculations which my Honourable friend makes of the distribution that he will have to make. I find that whereas he expects a total collection of three crores under this head, he expects to distribute Rs. 70 lakhs among the States: this gives us very nearly 77 per cent for British India as against a little more than 23 per cent roughly for the Indian States; but I have a recollection that in the report of the Committee which was presided over by Mr. Nind, the different commodities through which taxation is paid by the Indian States were classified under various heads, and one of the classes—the largest, indeed, of the classes, which they examined was in respect of the articles which are in universal use. In respect of that category of articles, the recommendation of that Committee was that the States could legitimately ask for no more than 20 per cent of the proceeds; and I may just mention that articles like salt, kerosene and similar articles which are in universal use find place in that particular class; and I should, therefore, like my Honourable friend to tell this House as to why it is that he proposes a higher proportion for distribution to the Indian States than what was recommended in the Nind Committee in a similar case. It is because I think that we may be up against future difficulties if we were to agree to such a departure in policy being adopted by the Government that I want to have a fuller discussion of this particular point than has so far taken place. So far as the question of Federation goes, I do not know whether we are entitled to take into account what the future may hold in respect of constitutional reforms. We have to deal with the present situation, and I think considerations, that have been advanced in regard to the position that might arise under a Federal Constitution, should be dismissed from our minds. I am not disposed to take the view that Government should hold their hands and must not seek to impose any taxation in those spheres which were contemplated by the Parliamentary authorities to appertain to the federal sphere of taxation in future. At the same time, I am also not prepared to take into consideration any argument that may be put forward by my Honourable friend that the claims, to which I have referred, as being put forward by the States, will be automatically adjusted when the Federation comes into being, and, therefore, as it is only for a temporary period that we are legislating, we need not take this particular argument very much into account. I take it, Sir, that if and when Federation comes, there will be ample time for us to consider these points, but I do not think that the Government have made out a strong case yet for the purpose of imposing a taxation in British India, not merely for the benefit of the British Indian Exchequer, but also for the benefit of the Indian States Exchequer.

**Mr. N. M. Joshi** (Nominated Non-official): Mr. President, I rise to oppose the motion which the House has been discussing. In my speech on the motion that the Bill be referred to a Select Committee, I had stated my grounds for opposing the imposition of this excise duty, and after reading the Report and considering the few changes which the Select Committee have made, I see no justification to change my attitude towards this taxation. I feel that the tax is wrong in principle, and I also feel that the tax is excessive. I admit that the Select Committee has reduced the tax by four annas per gross and it has also reduced the minimum amount. Still I feel that the tax is very excessive, even though I admit that in some cases the excise duty is justifiable.

Sir, I also agree with my friend, Mr. Neogy, that the imposition of this tax and the distribution of part of the proceeds among the States is likely to create difficulties for the future Federation. The Finance Member made light of these difficulties, and he stated that the amounts which would be distributed to different States would not be a material addition to the resources of those States. Sir, I do not take that view. I feel that even an addition of a hundred thousand or two hundred thousand,—and, perhaps, in the case of the larger States the amount may be larger.—these additions will, I hold, be so material to the present resources of the States that it will not be easy to get the rulers of the States to agree to part with this source of revenue in favour of Federation. I therefore, feel that it is a great mistake for the Government of India to make this arrangement at this stage. I have also a fear like my friend, Mr. Neogy, that hereafter the States will insist upon their securing shares of every taxation which the Government of India may impose. From this point of view, I think it is a wrong policy to make an arrangement with the Indian States. I fully realise that, when making an arrangement with the Indian States, there will be some difficulty, but I should have preferred to have met these difficulties somehow, instead of making an arrangement with the Indian States at this time and creating what we may regard a great difficulty in the way of the establishment of Federation.

Sir, before I close, I would like to say a word to the members of the Select Committee as regards the procedure followed in the writing of their Report. I say, like my friend, Mr. B. Das, that the Select Committee, by not making the evidence available to the House, has placed this House in a difficult position. Yesterday, I listened carefully to the speech of my friend, Mr. Raju, who was a member of the Select Committee. He stated that some people who are at present conducting the industry have given certain undertakings. The Finance Member said yesterday that the telegram which he mentioned was circulated to Members. As I stated yesterday, I had read that telegram, but I did not find in that telegram one condition which my friend, Mr. Raju, mentioned in his speech. Mr. Raju stated that one of the undertakings which the manufacturers of matches had agreed was to Indianise their superior staff. I did not see that condition in the telegram. The result is . . . .

**The Honourable Sir George Schuster:** That, I think, was not discussed with the witnesses in the Select Committee. That is a matter on which Members of the Government made certain statements to the Select Committee.

**Mr. N. M. Joshi:** My point in raising this question is this, that the House is in a difficult position. Certain undertakings had been given, some are given to Government and some to the Select Committee, with the result that we are in a very difficult position. Up till now, we do not know what all the undertakings are. Are the undertakings complete by the condition stated in the telegram and also one more undertaking which the Finance Member has stated? I feel somehow in my mind that I am not sure whether I know all the undertakings which have been given. I would, therefore, suggest to the members of the Select Committee that when they decide to refuse to this House information on their own responsibility, they should consider their responsibility to the House. My friend, Mr. Mitra, yesterday told us that the Select Committee did not take evidence of certain people, but they had held certain

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informal consultations with certain people. That is not what is stated in the Report. What the Report states is this:

“We have also had the advantage of hearing the evidence of representatives of the main interests engaged in the match industry in India.”

Either the Report does not state what actually happened, or the account of what actually happened given by Mr. Mitra is inaccurate. Either the evidence was given as stated in the Report, or it was not given.

In the first place, I feel,—and your decision on this position supports me on the whole,—that whatever is made available to the Select Committee by way of information should be made available to this House. You have in your wisdom left the wisdom to the Select Committee to decide what material should be made available to the House. Now, Sir, in the first place, I feel that even taking the Constitution, the Standing Orders and your ruling, a Select Committee of the House is not permitted to hold consultations with people who are not members of the Select Committee. There are some members of the Select Committee who say they held consultations with them; the Report says evidence was given. I am, therefore, in a difficulty. I shall, therefore, state what I feel taking into consideration both the alternatives. I shall take the alternative that the Select Committee held consultation with some members of the public. I feel that the Select Committee has really no right, under our constitution, to hold consultations with people who are not members of this Legislature. The House of Commons practice is that if a Select Committee wants to hold consultations with people who are not Members of the House, and not members of the Select Committee, they have to take the permission of the House itself. Take, for instance, the procedure followed in the case of the Joint Select Committee on Indian Reforms. They wanted to take into consultation delegates . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member need not labour that point. Under our Standing Orders, the Select Committee has the right of hearing witnesses.

**Mr. N. M. Joshi:** I am dealing with consultation.

**Mr. President** (The Honourable Sir Shanmukham Chetty): What is the difference that the Honourable Member is making between consultation and the evidence? It is mentioned in the Report of the Select Committee that certain evidence was tendered before the Select Committee, but the Select Committee thought that it was of an informal nature and not important enough to be incorporated in the proceedings, and that is why they did not have a record of it kept. The position was made perfectly clear yesterday. What is it that the Honourable Member wants? If the Honourable Member would make any concrete suggestion, then the Chair thinks it will be useful to the House.

**The Honourable Sir Brijendra Mitter** (Leader of the House): May I say one word, Sir? The sort of thing that was discussed in the Select Committee was this. I will give an illustration. We discussed whether it was possible to make boxes of 50 splints or of 40 splints for a pice,

and there was an informal exchange of views with the manufacturers. Some said that they could make boxes of 50 splints, some said they could not. And the Select Committee were satisfied that it was more convenient that the boxes should be of 40 splints, and not of 50. It took about quarter of an hour or 20 minutes to discuss this subject. It was a mere exchange of views. Is all this to go into the Report? I object to it, otherwise the whole House should go into Committee instead of appointing a Select Committee.

**Mr. N. M. Joshi:** I am not very much interested as regards the actual evidence which was taken . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member, so far as the Chair has been able to follow, is trying to harp upon an imaginary grievance. The Chair would like to know definitely from the Honourable Member in what particular the Select Committee has violated its ruling and the Chair would further ask him to tell the House any concrete suggestion that he may have for the better convenience of the House.

**Mr. N. M. Joshi:** Sir, my first grievance is this. I feel that there is a difference between what you call consultation and the taking of evidence. I feel that the taking of evidence means the giving of information to the Select Committee, which, according to your ruling, is to be made available. I hold that, without the permission of the House, as in the House of Commons, no Select Committee should hold consultations with people who are not members of the Select Committee. I was, therefore, suggesting that we should follow the practice of the House of Commons, namely, that if the Select Committee wants to hold consultation with people, who are not members of the Select Committee, it should be done with the permission of the House. I was stating, when you intervened, that when the Joint Select Committee was appointed, the House itself gave permission to the Joint Select Committee to hold consultations with people who were not members of the House of Commons and who were not members of the Select Committee. I, therefore, suggest that whenever Government feel or whenever the Select Committee feel that they should hold a consultation with people who are not members, they should come to the House and ask the permission of the House. That is one of my suggestions.

Then, as regards the evidence itself. I feel that, as a matter of form, whether the evidence is important or not, the Select Committee should use its discretion in favour of giving the information to the House. I fully realise that your ruling gives them the permission. I am, therefore, appealing to the members of the Select Committee that, although your ruling gives them the right, they should not exercise their right in such a way as to deprive the House of the information which they have. Sir, it may be said that the information given was not of great importance. But, from hearing the discussion carefully, I have come to this conclusion that we do not know really how the Select Committee came to their conclusion, because I make a grievance of this fact that my Honourable friend, Mr. Raju, stated to us that a certain undertaking has been given,

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and, therefore, he was persuaded to approve of the proposal. Now, if that is so, and if the Select Committee had told us everything that happened there, we . . . .

**The Honourable Sir George Schuster:** May I point out to my Honourable friend that the particular undertaking to which he is referring has absolutely nothing whatever to do with this match excise proposal. Certain members of the Select Committee were interested, so far as a particular group of factories was concerned in making matches, to find out what had been done as regards the Indianisation of the staff. But it had absolutely nothing whatever to do with the match excise proposal. The Chairman gave them latitude in that matter. As a matter of fact, the Honourable Member for Industries and Labour gave them a report on the exact position which, I am sure, he would be very glad to repeat in this House. But it had nothing whatever to do with the proposal to impose an excise duty on matches.

**Mr. N. M. Joshi:** Then the speech of the Honourable the Finance Member clearly shows the difficulties in which the House is placed when the House is not sure that all the facts are given to the House. That is really my suggestion to the members of the Select Committee that they should not generally agree to withhold from the House any information which has been placed before them. Sir, as regards that matter, I would like also to make another suggestion. You have ruled that if the witnesses feel that certain information given by them should not be made public the Select Committee will have a right to withhold that information. There, again, I feel . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Not from the House.

**Mr. N. M. Joshi:** That is what I find:

“When witnesses are summoned by a Select Committee, it must be made clear to the witnesses that their evidence would be treated as public and is liable to be published unless the witnesses specifically desire that all or any part of the evidence tendered by them is to be treated as confidential.”

**Mr. President** (The Honourable Sir Shanmukham Chetty): Read further.

**Mr. N. M. Joshi:**

“It must, however, be explained to the witnesses that even when evidence is tendered *in camera*, such evidence is liable to be made available to the Legislative Assembly.”

**Mr. President** (The Honourable Sir Shanmukham Chetty): It cannot be kept confidential from the House.

**Mr. N. M. Joshi:** If that is interpreted to mean . . . .

(Interruption by Mr. S. C. Mitra.)

I quite realise that my knowledge of English is not as good as that of my Honourable friend, Mr. S. C. Mitra. But I wanted . . . .

**Mr. S. O. Mitra** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Why do you make personal aspersions? Who has questioned your knowledge of English being in England half a dozen times?

**Mr. N. M. Joshi**: Please be calm. Sir, I thought that this may give power to witnesses to give certain information in confidence. If it is made clear that no witness can say that the statements which he is making are made in confidence, then I have nothing more to suggest. I, therefore, feel that on the whole a Select Committee will be very wise in not deciding to withhold any information given to it by either Government or by witnesses. I hope that practice will be followed in the future.

**Mr. A. H. Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): Mr. President, I support this motion. My Honourable friend, Mr. Joshi, has read the Simon Commission's Report; but, I am sure, he has forgotten it now. The Simon Commission Report says "that the development of the match industry in India was the result of almost prohibitive tariff amounting to 200 per cent *ad valorem*", and then it goes on to say that they are justified in imposing an excise duty on matches in all foreign countries. The Report says that Government lost about 1,72 lakhs in 1922, and, during 1930-31, the import duty amounted to ten lakhs as against 1,72 lakhs. Then the Report goes on to say:

"The incidence of a duty of this nature on an article of very common use is very small per head of the population and is little felt by the individual, but that care should be taken to fix it at such a level as to absorb, as far as possible, into the Exchequer the whole of the increase in price. The excise duty at the present rate of import duty is about 3 crores."

We met in the Select Committee, and, on the first day, we were told that unless it was reduced, it would not be possible to sell in the market retail one pice match box. It was Mr. Mitra who said that he had a Moslem gentleman from Calcutta representing the Indian match factory and that he had informed him that even if Rs. 2-4-0 per gross was imposed, if he was allowed to put 50 sticks in each box, he would be able to sell retail at a pice per box. I think that was the beginning of why we wanted to have an informal discussion with these representatives to find out if that was possible, and the next day that was arranged, and, if I remember aright, 60 per cent of the Indian-owned factories were represented before us by those representatives who were at that meeting. We gathered from the talks that it was not possible to sell 50 sticks in a box at a pice if we imposed a duty of Rs. 2-4-0 per gross. We found that the gentleman who gave that view of the matter knew nothing about the match industry in Calcutta, but his brother was interested in a firm of manufacturers. He was only a lawyer and he was here. On my own initiative, I sent telegrams to Bengal to find out the exact position of the match industry. I telegraphed to the Honourable Minister in charge of Industries from whom I received a reply direct, while my wire to the Government of Bengal was replied through the Central Board of Revenue, Government of India. According to the information received, it is clear that it is not possible to sell at a pice a box containing 50 sticks if we imposed a duty of Rs. 2-4-0. It is only possible to sell a box of 40 sticks at one pice if the duty is reduced from Rs. 2-4-0 to Rs. 2 per gross boxes of 80 sticks each. The Select Committee has done that and thereby has

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given satisfaction to the manufacturers and secured their co-operation which was necessary for success. The Select Committee also felt that the price of matches must not be so heavy as to make it difficult for the masses to buy match boxes as would indeed be the case if a duty of Rs. 2-4-0 and a box of 80 sticks were adhered to. Some of the members of the Select Committee were interested in what the Swedish Company was doing and what sort of wood they were using, and so on. They said that they were using about 85 per cent Indian wood. Then, we inquired from those who represented the Indian-owned factories. They said that they could not do that. I believe that the information received by my Honourable friend, Mr. Raju, to the effect that Indian wood was being used in the Calcutta factories was not correct. I telephoned last night to find out whether they used Indian wood in Calcutta for boxes. I am expecting a reply in the course of the next few hours. The representatives who attended the Select Committee stated that they found it difficult to use Indian wood for the simple reason that they could not make the thin sticks out of Indian wood, because they easily break, and, if a number of sticks were broken in a box of 40 sticks, the box would not be saleable. The second difficulty is that they have not the capital to import wood from the Andamans in large quantity and season it. The third difficulty is the white ants which destroy the wood and they lose the money. Although they very much like to use Indian wood, these were their difficulties, but they said that, to a certain extent, they were using the Indian wood so far as the boxes were concerned. In future, Mr. President, if Select Committees are held, let Mr. Joshi's name be included in them. Then we shall not have this grievance that this thing was not done and that thing was not done, and so on. If Mr. Joshi would have been there, everything would have gone on O. K. Without him every thing had gone wrong, and your ruling had been violated. The word "evidence" is not used in the legal sense.

**Mr. N. M. Joshi:** Explain what it is.

**Mr. A. H. Ghuznavi:** I will do so. We never consulted them. What we did was this. Mr. Mitra said that there were certain gentlemen who said such and such a thing would be possible. We wanted to test the truth of that. We wanted to know if they could put 50 sticks in a box and sell it at a pice each after paying a duty of Rs. 2-4-0. We wanted to find out if that was possible. They said that it was not possible. So far as the excise duty on matches was concerned, we have followed exactly what we had been told by the Tariff Board to do in case we imposed an excise duty on matches. The Indian Tariff Board also said that in case you do impose an excise duty on matches, remember this, that you should give a rebate of two annas per gross on matches in the case of cottage industries. As soon as my friend, Mr. Raju, brought this to the notice of the Honourable the Finance Member, the Government accepted the proposal. We do not want to hit these cottage industries. We want to support the cottage industry and we will give them two annas as suggested. With reference to what my friend, Mr. Raju, said yesterday—he has now taken my place as Member for Japan—as to a telephonic communication received by him from Japanese manufacturers in Calcutta, that

they would Indianise their factory, that they would admit Indian capital and they would Indianise their heads of departments, and so on, so far as Calcutta is concerned, I think I can claim to know more than any other Member.

**Mr. President** (The Honourable Sir Shanmukham Chetty): How is the 12 NOON. Indianisation of the match industry relevant to this Bill?

**Mr. A. H. Ghuznavi**: Mr. President, you allowed my friend to make the statement on the floor of this House . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair quite agrees it did not realise the significance of what the Honourable Mr. Raju was saying, but now that Honourable Members are taking up the thread, the Chair is entitled to know how this is relevant. Simply because one Honourable Member was allowed to make some statement, that does not mean that the whole discussion can turn on that.

**Mr. A. H. Ghuznavi**: I simply wanted to answer my friend, but if you say, Sir, that that is out of order, I will not proceed any further. All I can say is that there is only one Japanese match factory in Calcutta. As to the other, only a portion of the capital is Japanese, but there is only one Japanese match factory in Calcutta—the Calcutta Match Factory, which is a limited liability concern. Then, Sir, Mr. Raju also made a little noise about the leakage. Well, Sir, all over the world a speculator is a speculator; that is not only in India, but all over the world. Gamblers will gamble. They speculate on intelligent anticipation; some make money, some lose, but if it is said there was a leakage, I want to maintain that there was no leakage, because there cannot be any leakage on which people could speculate. There was much gambling this time on salt throughout India. Having expected that the duty would be increased on salt, men flew in aeroplanes from Bombay to the Sambhar Lake to buy salt. A very big business was done in salt, and everyone of them lost money. This proves that there was no leakage. Generally speaking, people proceed on intelligent anticipation. They thought that there was going to be a deficit. Some money, they thought, had to be provided for Bihar, and there was an easy way of getting that money by an increase of four annas or six annas or even eight annas in the duty on salt, and they expected that that would come and, therefore, they speculated in salt. Had that anticipation been realised, it would have done away with all the struggle which the Finance Department had to go through (Hear, hear) in putting up this excise duty on sugar and matches, and so on. Sir, I support the motion.

**The Honourable Sir George Schuster**: Sir, there are only a few points with which I need deal. I should like to say that I am grateful to my Honourable friend, Mr. Neogy, for the very careful analysis that he gave of the position in relation to Indian States. I fully agree that all the points that he raised are points which deserve consideration, and I can assure my Honourable friend that they have had our consideration. My Honourable friend asked why it was that we adopted a different procedure

[Sir George Schuster.]

in the present Bill to that which we proposed as regards the sugar excise. The procedure proposed as regards the sugar excise was of course the normal procedure.

(At this moment, there happened to be lighted some match sticks in the Chamber.)

That is Japanese matches, I think?

**Mr. A. H. Ghuznavi:** Not Japanese matches.

**The Honourable Sir George Schuster:** But they smell very nasty. (Laughter.)

Sir, the reason that we have made a difference in this case is entirely a practical reason. In the case of matches, the great danger is that it is very easy to set up plant for manufacturing matches, and it is very easy to shift that from British Indian territory across the border into an Indian State. Moreover, the duty in this case is such a very high *ad valorem* duty that the temptation for taking steps to avoid paying the duty is very much greater. Thirdly, it is much easier to smuggle matches across the frontier, and it is much more difficult to check movement here than would be the case in regard to sugar. Therefore, our first necessity was to protect ourselves against that danger of factories being shifted from British Indian territory to the States. Now, in order to protect ourselves against that danger, we felt that the most effective means was to give the States concerned an inducement to co-operate with us; and I would remind the House that the position which we have created is a very special one. In return for this privilege of a share of the duty which we are promising to the States we get very definite undertakings from the States. They must undertake either not to set up factories at all, or if they do set up factories, to bring the revenue which they collect from the factories into the common pool. I think it is quite clear that that is a very special arrangement. We have never suggested anything like that in the case of sugar. On that ground, we came to the conclusion that it is not a dangerous precedent. We have also made it clear in all our communications with them—and this point I have already made before—that whatever is done now must not be taken as prejudicing the position under the Federal Constitution. We have made it clear that this excise duty is to be a federal source of revenue in the future.

Another point that has been made, though my Honourable friend, Mr. Neogy, did not stress it particularly, was that the population basis was unfair and gave the States too much. I said that he did not stress it particularly because, in the beginning of his remarks, he said it was a comparatively small consideration, but later, when he referred to our own inquiries through that Committee which was presided over by Mr. Nind, he pointed out that really they should only have been allowed something like 20 per cent. of the revenue and not the full percentage proportionate to their population. Well, we freely admit that under this provisional arrangement, which is only intended to remain in force until the new Constitution is set up, we freely admit that the States will perhaps get rather more than they ought to do, but it would have been impossible for us to deal with them

on any other basis except the simple population basis. That figure, calculated by our Committee, was a figure which we could not compel the States to accept. Moreover, it was an over-all figure for the whole of India. It would not have applied with accuracy to each individual State. In dealing with Hyderabad for example, or Mysore, we might have had to give them even something higher than the ordinary proportion of the population, whereas in dealing with small States, without any large towns, we should have had to go much below the average. I think the Honourable Member will admit that it would be an impossible task for us to try to work out accurately a basis according to the consumption in each case, and also that it would be impossible for us to get the larger States, with a higher standard of living, to accept anything less than an average population basis. I think, Sir, on reconsideration, my Honourable friend will agree that no other practical course was open to us.

Another point, that has been made by several speakers and particularly again by my Honourable friend, Mr. Neogy, was as regards the burden put upon the poorest classes by the imposition of this duty. Many speakers have given their assent to this measure with great reluctance, taking account of that particular ground. But there is an important consideration to which I would like to call the attention of the House, and that is that owing to the increasing competition among match manufacturers in India and owing to the increased efficiency of manufacture which has resulted, the price of matches has been constantly reduced. According to the figures given in the Tariff Board's report in 1924-25, it was only possible to produce a half size box for about one pice at that time, and that is the price which is going to be charged now to the public including the duty. So that even with the duty the Indian public will, I maintain, get their matches very cheap, not only in comparison with conditions that prevailed a few years ago, but, still more so, in comparison with conditions prevailing in other countries. I do feel that in this respect India can be well satisfied with the way in which this protected industry has grown up. In spite of the very high protective wall which has existed, the internal competition has been such that prices have been constantly reduced, with the result that, even behind the protective wall, purchasers in India have been able to get their matches very much cheaper than in other countries. I think there is no more I need say. I am glad to find that there is general support for this measure.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill to provide for the imposition and collection of an excise duty on matches, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 to 21 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir George Schuster:** Sir, I move:

"That the Bill, as amended by the Select Committee, be passed."

[Sir George Schuster.]

I propose to interrupt the even and harmonious tenor of these proceedings by making a speech. I must apologise for doing so, because, so far as the provisions of the Match Excise Bill are concerned, I have at this stage nothing more to say. But now that the clauses are through and I can fairly assume that the House will pass the Bill, I desire to review the whole position as regards our financial proposals. I must apologise for doing so, but I would ask the House to realise that so far as I am concerned this stage is something like a third reading of the Finance Bill, for it is only now that I can review the general plan which I have put before the House this year as a whole. I hope, therefore, that you will allow me to go rather outside the scope of this particular Bill, and that the House will bear with me if I do so.

The first thing that I have got to do is to explain the position as regards revenue from the Match Excise Bill. It has,—and I am sure the House will appreciate this,—it has become necessary for us to modify our original estimate of revenue for two reasons, first, owing to the change in the rates of duty, and secondly, in order to make what we consider to be proper allowance for the dislocation in the manufacturing side of the trade owing to the introduction of this new measure. As to the change in the rates, although we must now reckon on getting something less than our original estimates, we accepted the proposed changes in the Select Committee only after having convinced ourselves that we were likely to get more from the present plan than from our original plan, because the new plan allows a single box to be sold in the bazars at one pice.

I turn, therefore, to the second factor, dislocation to the industry during the period of transition. It is extremely difficult, I might say almost impossible, for us to make any reliable estimate of what we ought to allow for this, but we have satisfied ourselves after discussion with the manufacturers, that we must make a more substantial allowance than we had made in our original estimates, and here perhaps I may claim the merit, according to my Honourable friend, Mr. Mudaliar, of being a Member of Government who is willing to admit that he can on occasions make mistakes. Statements have been made in this House and in the Press about enormous accumulations of stocks issued to the market before 1st April, and several people have said that it will be very many months, possibly 10 or 11 months, before we start collecting any excise duty on new issues. So far as that is concerned, we are quite satisfied that those statements are exaggerated. I think we can fairly claim that the industry as a whole was not prepared for an imposition of match excise this year, and, therefore, there were no enormous stocks which had been accumulated in anticipation of that event before I made my Budget speech. Therefore, the only abnormal factor is work at extra pressure during the month of March, that is to say, the period between my Budget speech and the date of the imposition on new issues. We were told by one of the leading groups of manufacturers that, so far as they were concerned, and so far as they knew about other factories, it would be very difficult for any concern in that month to increase their rate of production by more than 50 per cent. of their normal rate. Therefore, if that is so, these rumours of huge stocks must be greatly exaggerated.

But there is another factor of dislocation, and that is, in the interval before the banderols are available, there must be some interruption in the

issues from the factories. We hope that the issues of banderols will begin early in June. I doubt if any one realises what an enormous bit of organisation it is to get these banderols made and issued. One has to provide for the printing and issue of something like 3,000 million banderols in a year. It is very difficult mentally to apprehend figures of that kind. As to the effect of this dislocation on our revenue in the first year, as I have already said, it is practically impossible to give an accurate figure. But we think that a reasonably approximate estimate will be that we may only have regular issues in the first year on a nine months basis and, as our revenue is collected retrospectively, that means that we should probably only collect eight months full revenue in the first year.

Now, obviously one has to consider what is going to be the effect of that on our proposals for transfer of revenue to Bengal and the other jute producing Provinces. In deciding how we should act in the matter, the first and the most important consideration is the fact, which I must gratefully acknowledge, that this Assembly has accepted the whole of our financial plan, except only that as regards the match excise duty, changes were made in the Select Committee which we ourselves had to accept as right and reasonable. The Assembly has not only voted the grant to Bengal and the other Provinces, but has approved the taxation measures which we have put forward as necessary to finance that grant. The principle has, therefore, been accepted by the Assembly, and there can be no going back on that. It would have been different if our proposals have been cut down from what we ourselves had stated to be necessary. As it is, the Assembly having approved our plans, Bengal's position is assured, and we are not going to let Bengal down now. Now, we consider that, even with the modified rates, the yield from the match excise duty will in a full year be sufficient to support our proposals; but I have to take account of the reduced yield for the first year owing to the fact that, as I have already explained, we cannot collect the full year's revenue. That is a factor which we cannot ignore and, obviously, I should be very unwilling not to face that fact, particularly as this is the last occasion on which I shall have to deal with public finances. Now, it seems to us that the most straightforward course to follow is to say and reproduce this in our estimates—that we will only estimate on the basis of eight months collection of the match excise and that correspondingly, for the first year only, we should reduce the grant in the Budget, the transfer to Bengal and the other Provinces, to an eight months basis: Translated into figures, that means that we shall reduce our estimates from match excise to 120 lakhs, and the grant to the jute producing Provinces to 126 lakhs, which will leave a surplus in the whole Budget of ten lakhs. But—and this is what I want to emphasise—that concerns the form only of our Budget estimates, and we are not going to let Bengal suffer on that ground. We propose to tell Bengal two things, first if the Budget estimates turn out better than our anticipations, then we will correspondingly increase the transfer to them and secondly—this is the most important point,—as any shortfall in the full transfer will increase Bengal's deficit and, therefore, her deficit debt; we will take account of this when we come to settle with Bengal, as we shall have to do, how we are to deal with that deficit debt. Anyhow, the practical effect is,—and again I want to emphasise this,—we intend to see that Bengal shall in effect get in one form or another the full help even for this year that the Assembly intended, while as regards the future, the principle of the transfer is accepted and that is the main thing which really matters to Bengal.

[Sir George Schuster.]

I must add one more statement which I have made many times already, and that is that the whole of this proposal has been put forward on a very definite condition, namely, that the Government of Bengal must satisfy us that they are doing everything possible on their side to restore equilibrium. I must, not only in justice to the other Provinces but also in order that our action may not be misunderstood, make this clear beyond all question, because the essential justification for our proposal has been that there was a special need in the case of Bengal and that, without this help, it was beyond their power to restore their own position. We shall take this matter up with the Government of Bengal as soon as this Session is over.

Now, Sir, if I may claim still more latitude from you; having explained this position, I want to make some general remarks on the reactions of our proposals this year on the question of Federal finance. I want to do that not only with reference to certain things that have been said in this House, but also to certain things which have recently been stated outside in other countries. In this House, it has been said that we are making things more difficult by our proposals this year for the Federal Government of the future. We, on the contrary, feel—and I may say that that was one of my own chief purposes in formulating this whole plan,—we feel that we are actually clearing the path for a future Federal Government and doing something to lay the foundations for Federal finance. In the first place, we are, as I have already explained, taking in advance one of the first steps which a Federal Finance Minister would have had to take, the step of meeting the need of Bengal which has been accepted in all the constitutional discussions as a prior claim. In the second place, we are laying the foundations for a steady revenue from sugar which, otherwise by the time that a Federal Government could have come into being, would have entirely disappeared. In the third place, we are taking the first step to develop a new source of revenue from matches which the Federal Government will most certainly need. By taking this step well in advance of the new Constitution, there is a prospect that this new source of revenue will be flowing smoothly and at its maximum capacity by the time that a Federal Government comes into existence. I would remind the House that we contemplate that, as time goes on, this source of revenue should increase. The difficulties of establishing a new measure of this kind have been well illustrated by the difficulties of which I have just had to take account, affecting the dislocation of the industry when we first introduce a measure of this nature, and I feel that it is very much to the good that we should get over these difficulties and have the measure smoothly working, well before the Federal Government comes into existence.

Now, Sir, that leads me to a second aspect of the matter which I wish to take this occasion to mention. Statements have recently been made in England by former officials of the Government of India who, if I may say so, seem to arrogate to themselves an authority to speak on these subjects, which increases in proportion as their own direct experience of Indian administration grows out of date, statements have been made that there must be some enormous adventitious increase to India's public revenues—and one speaker has put the figure at 20 millions sterling or something like 80 crores—before it will be safe to start the new Constitution. I cannot understand this line of argument. It seems to me that it is a most unfair way of presenting the situation. Obviously, in the present period of world depression, public finance in every country requires most

careful handling, and no Government in any country can in these times launch out on extravagant programmes of social expenditure. But I do not see why it should be assumed that the new Governments in India will not face the necessities of the situation; and indeed if one could choose the moment for starting these new Governments I myself, if I were Providence disposing of these matters, would certainly think it better to let them start in times when money was tight, and when they would be forced by absolute necessity to proceed cautiously at the outset. If they were to come in during boom times, when revenue was flowing freely, then they would inevitably accept commitments up to the limits of their resources, and the country might find itself saddled with permanent expenditure far beyond its normal average resources. Periods of prosperity may be far more dangerous to Governments in the financial way than periods where economy is enforced. (Hear, hear.)

But there is another side to the matter, the kind of statements to which I have referred seem to lay it down as a condition that there must be some automatic improvement in the situation, and they entirely ignore all that Governments themselves can do to meet it. I believe myself that there are still sources of revenue which can be developed without putting impossible burdens on the country. Let me give one example. One source on which many countries rely for a very important part of their revenue is taxation on the consumption of tobacco. At present, practically nothing is raised on this in India. A very moderate levy in a vast country like India should produce very large sums. Now, this is a field which at present lies with the Provinces. Its full development is, I acknowledge, a matter of very great administrative difficulty, and plans will have to be worked out step by step. We have from time to time discussed this matter with Provincial Governments, and several Provinces are now taking first steps in this direction, but I believe that this could be proceeded with more actively. I only mention this as an illustration, because I think it important to protest against a certain attitude of mind which implies that constitutional advance is impossible until some miracle comes to improve the situation. I do not for a moment ignore the difficulties of the position, nor that there is an even more dangerous attitude of mind which implies that, somehow or other, on the inauguration of the new Constitution, it will be possible to make huge transfers from central revenues to the Provincial Governments on the strength of which, new ministries will be able to earn popular applause by embarking on grand programmes of expenditure on education and other social services. That, I am afraid, is a dream which one has no justification at present to expect to come true, and it would be fatal folly to start the new Constitution on that expectation. All the Governments, both Federal and Provincial, are going to have,—as Governments are having in every country in the world,—an extremely difficult time, unless there is a fundamental improvement in the situation. But that does not mean that the new Governments cannot function,—if Ministers are worthy of their salt and are prepared to face their difficulties and convert them into opportunities.

Now, Sir, in the financial proposals of the present year we have made an effort, a modest effort but at least an honest effort, by facing difficulties of this kind to prepare the path for the new Constitution, and I have tried to provide something in the way of an answer to statements which parade financial difficulties as an obstacle in the path of those who are honestly working in England for the new Constitution. However unpopular new taxes may be, I trust that this House and the public outside will interpret

[Sir George Schuster.]

our proposals in this way. I trust also, to come back from the distant goal to these first steps, that the Government of Bengal, after the support which our proposals have received from this Assembly, will be able to face its own immediate and abnormal difficulties with a new spirit of hope.

There is one other matter to which I should like to refer in concluding this general review, which, although it is somewhat outside the budgetary proposals, is closely connected with the general purpose which I have been describing for preparing the way for the new Constitution. I refer to the Reserve Bank. That of course is one of the essential preliminaries, and it was for that reason that we worked intensively and put extreme pressure on the Indian Legislature to get the necessary Statute enacted this year. I am glad to have had a share in this work. I regret greatly that, it has not been my lot not only to pilot the legislation, but also to take the first practical steps for the inauguration of the Bank. I can, however, say that since the passage of the legislation we have been constantly occupied with the necessary preparatory work, and that my successor will turn to this as one of his first tasks after his arrival. I also hope shortly to be able to make an announcement of a step which we propose to take to prepare for the agricultural credit department of the Bank, which is a matter in which, I know, this House is greatly interested.

Sir, I must apologise for straying rather wide in my remarks, and I thank you for the latitude you have allowed me. It seemed to me that as this is one of the last occasions on which I shall have the privilege of addressing this House, this was a convenient opportunity to make these observations, and I thought it was fair to make them before the third reading debate on this measure, instead of making them when I finally reply in conclusion. (Applause.)

**Mr. President** (The Honourable Sir Shanmukham Chetty): Motion moved:

“That the Bill, as amended by the Select Committee, be passed.”

**Sir Abdur Rahim** (Calcutta and Suburbs: Muhammadan Urban): Sir, I just wish to say a few words on the speech that has just now been delivered by my Honourable friend, the Finance Member. I am very glad indeed that he has not let Bengal down. I have said previously that we from Bengal consider the jute export duty as entirely belonging to our Province, and that the Government of India when they took hold of it did a great wrong to Bengal. However that may be, we are glad that justice is at last being done to Bengal. I only wish that even the estimate for this year had not been reduced to a small extent, because Bengal, as we know is in very dire need of finances. Sir, I may say that when the representatives of other Provinces consider this grant as the good luck of Bengal, this is really because they have not, if I may say so with great respect, quite understood the situation. So far as we are concerned, we do not want to deprive any other Province of its just dues and if we have claimed the jute export duty for Bengal, we have done so because we are convinced that there are special conditions and circumstances connected with this duty, which distinguish the case from other similar sources of revenue.

My Honourable friend, in what will be practically his last speech before he leaves us, has expressed his opinion once again that some of the new taxes that he has imposed, far from hampering the inauguration of Federal Government, will help it. I know that there is considerable difference of opinion as regards this matter, but in this instance, I have held the opinion from the very beginning that my Honourable friend is in the right. Most of us feel that the inauguration of a Federal Government will be attended with a great many difficulties, specially in the financial field, and I think it is just as well that duties, which are set apart for the future Government of India, should have been levied now, and the difficulties that lie in the way of their collection should have been met by experience by the time the new Government is installed. That is my personal opinion, though I know that some of my Honourable friends on this side differ from me in that respect.

So far as the new taxes are concerned, sugar duty and duty on matches, I do not wish to say anything more on the subject. But there is one feature of the new laws that have been passed in anticipation of the future Constitution, which I cannot pass by without comment; and that is the new Ordinance laws. I hope that when we launch a new Constitution of the type that is in contemplation, it may be possible for the Government to repeal these severe repressive laws that have been passed to meet a situation which, we believe, has passed away. We are especially anxious in this respect, because we feel that laws curtailing the ordinary political liberties of the citizens of India may be taken advantage of under a different Constitution for purposes for which they were not contemplated. I do not think I shall be justified in saying anything more on the subject at present.

As regards the financial prospects of the future Government, I do hope that fresh sources of revenue will be available, or rather fresh increases of revenue will be available to the future Governments through rise in the income of the people and development of the resources of the country. Every one must recognise that that may not be possible in the very beginning, but we may hope that of the future Government when the new Constitution comes into force, the real concern will be not to follow the maxim, safety first, but that they will take bold steps to increase the resources of the country.

As regards the Reserve Bank, my Honourable friend has told us that his successor will be in a position to take steps to inaugurate it as soon as possible.

Let me in conclusion assure my Honourable friend, who is leaving us after having been associated with us for the last five years, that we all hope that he will continue to have distinguished opportunities for making full use of his great talents, and we wish him all success in his future career.

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

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

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, I particularly welcome the last statement of the Honourable the Finance Member on the question of Federal finance, as he has silenced some of the critics on this side of the House and outside in the country. I am glad he has replied to those false prophets in England, those retired Indian civilians, who sometimes rouse themselves from their slumber and bring out fantastic stories of deficit of thirty millions, if the Federation will come into existence. To these very retired civilians living on the fat pensions which they draw from India, the statement, that the Secretary of State made before the Joint Parliamentary Committee, is always readily available. The Secretary of State, in the statement which he made on the 6th July, 1933, before the Joint Parliamentary Committee, stated that the total deficit, if the Federation comes into existence, will be from six to ten crores, but he added that of this six to ten crores, the real deficit will be 1½ crores, namely, three-fourths of a crore for the new Provinces, and another three-fourths of a crore and a little more for the formation of the Federation. Let me quote his passage:

"The first fact is that the greater part of this deficit, call it, if you will, from 6 crores to 10 crores, is due not to the setting up of the Federal Government in the Centre, but to the setting up of autonomous provinces upon a self-supporting basis. Next a second fact that emerges is that a very small part of this deficit, take it if you will, at the highest figure, say, of 10 crores, is due to actual fresh expenditure. If you analyse the figures, you will find that, apart from a comparatively small sum, namely, about three quarters of a crore, for setting up the new machinery in the provinces, and a figure of about the same amount, namely, about three quarters of a crore for setting up the Federal institutions in the Centre, the rest of this amount is not fresh expenditure at all, and it is due in the main to two changes in the allocation of the revenues of India, namely, first of all the change, supposing Burma is separated from India, of leaving Burma two or three crores, that it now contributes to the Indian Central Government," etc., etc.

I do not wish to quote further, but, Sir, these false prophets in London, these retired civilians, might support the diehard Churchill crowd as much as they like, but they should not tell wild goose stories to embarrass the Secretary of State or the true intentions of the Government of India about the coming Federation.

Sir, our Party, the Democratic Party, during the discussion on the demand for grants, raised a discussion on the Federal finance, and at that time, although the Finance Member was cryptic in his reply, he said that Sir Walter Layton laid down that the Provinces would collect 24 crores of rupees from additional taxation, but these Provinces have not done anything towards that. That gave me grounds to fear that neither provincial autonomy was coming nor the new Constitution was coming, and, therefore, I welcome the final statement which the Honourable the Finance Member made today, that Federation, the new Constitution, is in sight and that he has levied this excise duty on matches with a view to adjusting financial conditions in the Provinces, so that the Federation will be in sight shortly. I would, therefore, ask the Finance Member, when he goes back to England, from his responsible position as the ex-Chancellor of the Exchequer of India, to make an authoritative statement to the British Press to silence these critics who have tried to undermine the financial credit of India. Sir, some of these financial critics are ex-civilians; they have even demanded that their civil service pension fund should be capitalised, and India should hand over so much capital to London, so that they can be safe and secure in drawing their pensions. That people who ate the salt of India can make such absurd statements in the British Press and before the British public . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Order, order. The Chair allowed the Finance Member as a special case, since this is practically his last speech in this House, to review the financial position of his proposals. That does not mean that the House is to launch upon another Finance Bill discussion stage. The Chair can allow Honourable Members just to throw some bouquets or stones at the Finance Member, but they cannot launch upon another discussion of the Finance Bill.

**Mr. B. Das:** I have almost finished, and I hope within a month that statement of the Finance Member will be cabled back—by that time the Finance Member will be in England resting with gratification and pleasure.

Sir, I will only touch another point to which the Finance Member referred, and that is about the Reserve Bank. I hope the Reserve Bank is coming, but as the Finance Member and the Government of India could not give any time to discuss the position of silver, I do hope that the position of silver is the same as it was mentioned in the Reserve Bank Select Committee, that the Government of India will not touch that silver until they take the assent of the House and the emphatic opinion of the country at large, and that the Government of India will not utilise that silver, the fifty crores of surplus silver rupees that are lying in stock with the Government of India.

Now, Sir, I have one more point to touch upon, and that is about the present Match Bill. My Honourable friend gave it out,—I do not know how they will print three thousand million banderols per annum,—I do not know which Department is going to take charge of it, whether the Nasik Printing Press or the Postal Department,—it is a new novelty, but I do hope that they will print them on cheap paper and on paper made in India, so that these match factories may not have to pay very heavy charges for those banderols, and incidentally this enormous printing may encourage the Indian industry.

And, lastly, the Finance Member advised the Bengal gentlemen here and the Bengal Government to set their house in order. The trouble with Bengal is that Bengal has too many absentee landlords. I also suffer in Orissa through the Bengali landlords who are absentee landlords. If Bengal does not develop and prosper economically, it is due to the absentee landlords who never look after the welfare of their people.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhamadan Rural): This is the last occasion when I can get up and express an opinion on the work done by the Finance Member. No doubt, I had differences of opinion with him, and very considerable difference of opinion, and I left no stone unturned in pressing my view point expressing the same in full. But there are certain things in him which, even though one differs from him, one ought to admire. One thing which stands above all others is that he never lost his temper. We had to use strong arguments, and they were expressed in such a manner that one was tempted to lose one's temper. But my Honourable friend always kept cool mind, and that was one of the greatest and strongest points of the Finance Member. He always took our criticisms in good spirit, both in this House and in the Committees, and he always tried to meet his opponent in full and do whatever he could do without violating his principles. Of course, principles stand first, but, consistent with the principles, he tried to meet the arguments and desires of Members on the Opposition side. This is a

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trait which we always admired and appreciated. Again, whenever we advanced any arguments from this side, he never used the famous Mill's fallacies, though I myself referred to them for the sake of strengthening my own position. He appreciated our arguments, though on certain occasions, he did not pay the same attention to them as they deserved, but all the same he tried to meet them in full. He had a very difficult time to face. Hardly any of his predecessors had to face such difficult times as my Honourable friend within the last few years had to do. It was a great thing to have achieved all that he succeeded in realising. He has maintained the credit of the country in the world. As I said on the last occasion, and I repeat it once more, the value of the 8½ per cent sterling loan is the barometer of our credit, and it stands at the highest level higher than it attained for many years. It has gone up to 90. It is really a great advance. No doubt he had to take extraordinary action; he had to present two Finance Bills during one year. The result of all that is that he has smoothened the way for his successors. He has done the spade work, and there is almost smooth sailing for his successor. There is very small amount of short term loan which we have to pay, the rate of interest has been reduced, and the future Finance Member or the future Minister of Finance under the Federation will be in a good financial position.

Now that the difficult problems have been solved, time has come to think out the constructive side, capital expenditure and scientific theory of taxation. Had he more time, he would have been engaged in more constructive work than he had been engaged during the last two or three years when he had no time to breathe. He has bridged the road and cleared off the thorns and the future Finance Member will now be able to think out and act on the constructive side of the question—that is the whole theory of taxation, on what principles taxation should be levied, whether a commodity can bear that taxation, whether it is elastic or inelastic, and if inelastic, what is the amount of inelasticity in it—that is a thing which will have to be considered very carefully by the Government. The Honourable the Finance Member, Sir George Schuster, had no time to think out in this direction: he had to face an enormous problem, we had to keep our head above water in an honourable manner.

The other question which will have to be considered by his successor is the theory of protection. We have been giving protection to commodity after commodity without considering the details of it, without considering what would be the effect on general finances and on consumers. This subject will have to be considered very carefully. My Honourable friend would have paid more attention to it, had he had more time.

Another point that will have to be considered is the question of the Tariff Board. I am convinced that there is something substantially wrong in the manner in which the Board is appointed, the manner in which the members work, and the manner in which their recommendations are accepted by the Government. All these things will require very careful consideration and will have to be worked out in greater detail. The Finance Member had no time to consider all this, but the time has come when this subject should be tackled.

We shall miss Sir George Schuster very much. We shall miss his eloquence, his patience, his calmness and cool temper and above all, we

shall miss his expert financial knowledge which was a great asset to the country and a great asset to the Government of the day. The traditions which he has set up will, I hope, be followed by his successors. I repeat once more that my Honourable friend had a very difficult time, and that most of his time had to be spent in preparing the ground for the future Finance Members.

Reference was made to the Reserve Bank Bill. No doubt we differed, but once a decision has been reached in this House, all of us now agree that we must spare no effort to make it a success, never mind whether it is a State Bank or a *Nimboo Nichor* Bank. We fought and fought to the end, but once a decision has been reached, I assure him that we on this side of the House will try our best to make it a success, and if the expectations of the Finance Member are realised, he will have our blessings, and we will admit that we were mistaken and that he was right. My friend wants me to relate one more story. I thought I had given enough of it. Somebody published an article in which all the stories and jokes we enjoyed during the Reserve Bank Bill discussion are gathered in one place.

In conclusion, I wish my Honourable friend God-speed, and I wish him *Basalamat Ravi O Baz Ayi*. We wish him a happy journey, and we earnestly hope that he will come back to this country and that we will meet him again. With these words, I support the motion.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, yesterday the House passed from sweetness to light. We passed the Sugar Bill, and we took up the Matches Bill, sugar representing sweetness and matches representing light. On principle, I am opposed to the imposition of an excise duty on Indian industries, but there are special circumstances in which such duties might be imposed in the financial interests of the country. In that view of the matter, I gave my assent to the imposition of the sugar excise duty and, it is in that view also, that I assent to the imposition of an excise duty on matches. Match in these days is a necessity of life. It is used in the poor man's hut as well as in the princes' palaces. In the palace, if the electric light gets fused, the whole palace is plunged into darkness and they want the candle to light up the palace, and then matches are brought into requisition. Therefore, match is a thing which is a necessity both to the rich as well as to the poor. It is more a necessity for the poor man than for the rich man. I hope that this duty which we are going to impose on matches will be of a temporary character. A few years ago, there was an excise duty on the cotton textile industry in Bombay, to which a strong and sustained protest was launched both outside and inside this House, with the result that Government were compelled to recognise the justice of the case, and the excise duty on cotton goods was abolished. I hope when the financial situation improves, it will not be necessary to maintain this duty on matches. The match industry in India is in an infant stage, and every legitimate encouragement should be given for the industry to develop and to establish itself in this country.

There are certain representatives of foreign firms who have monopolised the match market in India, and it is necessary that, if they take advantage of the excise duty on matches which we are going to impose they should also bring their industry into line with Indian requirements in the matter of providing Indian personnel and rupee capital in their industries. In this connection, I may be permitted to read out one telegram which I

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received from Burma, as to how the proposed excise duty is sought to be evaded. This is a telegram from Mandalay, from Mr. Abdul Karim, President of the Indian Association. This is what it says :

"Match manufacturers taking undue advantage of duty enhancement by not selling matches since the 28th February and concealing matches in separate godowns to escape from duty and to make heavy profits from concealed stock after 1st April. Government will lose heavily and poor people will suffer for nothing."

This is an instance of how people have taken undue advantage of the proposed imposition of the excise duty, and I hope Government will take whatever efforts are needed to see that the burden on the consumer is not put very heavily, and that the practices of some of these unscrupulous manufacturers of matches are put a stop to.

I do not want to take up any more time of the House and I will conclude my observations with a personal note to which reference has already been made by my Honourable friend, Dr. Ziauddin Ahmad. Whatever differences there might have existed on many matters between ourselves on this side of the House and the Honourable the Finance Member, I would gladly state that both in my capacity as a member of the Standing Finance Committee for many years and also as a member of the Joint Select Committee on the Reserve Bank Bill, I have found in Sir George Schuster a Chairman who has accorded to us unfailing courtesy and who has tried to do the best under the circumstances and to be helpful to the members of the Committee. I am not used to using language of flattery or anything like that, but as this is practically the last occasion on which Sir George Schuster's connection with this House will terminate, I only want to put on record that Sir George Schuster has displayed never-failing patience, and his attitude has always been helpful to us, who have had to work on Committees with him. This does not mean that I have agreed always with his financial views on all matters, but in his personal capacity, I have no hesitation in saying what I have said. He carries with him our best wishes. With these few words, I support the motion that the Bill be passed.

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muhamadan Urban): I wish to confine myself to the Matches Bill and just say a few words with reference to the observations of the Honourable the Finance Member. First, with reference to the effect of levying this excise duty, on the coming into operation of the Federation, I want to make clear the position of those who entertained some apprehensions regarding the future. It is perfectly true that the Honourable the Finance Member, by levying the excise duty at this stage, has prepared the way, has made it possible for the preliminary work to be undertaken, and has made it simpler for the new Federation to levy a duty, if and when it chooses to do so, but the objection we took at an earlier stage was this. If the Honourable the Finance Member is going to give to the States the benefit of these excise duties, whether it be the sugar excise duty or the match excise duties, whether it should be directly collected by the State as on the sugar excise duty or indirectly obtained by the State by means of a payment from the Government of India to the States concerned, in either case we apprehend that States having got once the benefit of this duty and having used this for their revenue purposes, they will find it very difficult indeed to consent to transferring this into a purely Federal source thereafter. That is to say, if State A gets the benefit of the sugar excise duty which it levies on the manufacture of sugar within

its precincts and if State B gets on a population basis about 14 or 15 lakhs of rupees from the match excise duty, I say that there is nothing theoretically impossible in the Federation later on deciding that it should be a Federal tax, but when the question of voting comes up, all the States, which have made it a matter of personal interest to obtain this revenue, will be certainly against the granting of it to the Federation; whereas the position of British India will be that it will continue to be a Central revenue. I am also doubtful whether, when the Federation comes in, the States may not say that in view of the deficit of the Central Government's budget to the extent that these excise duties are collected from British India, they should be a Central source of revenue for the Central Government just as, for instance, income-tax is, and to the extent that they are utilised by the States, they should be at the disposal of the States. That, Sir, is a fair position of the apprehension which some of us have felt with reference to the prematureness of the levying of these two duties.

Sir, there is one other question that I should like to refer to. A great deal has been said about the Bengal jute duty. Now I want to make my position perfectly clear. It is true that, in the various Round Table Conference Committees, it was agreed and decided that Bengal should get at least fifty per cent of the export duty on jute. I stand by that position. Now, if the Honourable the Finance Member had come and told us that, irrespective of the position of the Government of India and their budgetary conditions, Bengal should get, as a matter of right, as a matter of justice, half the export duty which may, in course of time, become the full export duty, back to itself, then I do not think any of us can question that proposition or can grudge Bengal what she is going to have. (Hear, hear.) It is a matter of justice, because, the export duty being an export duty on a monopoly which Bengal alone produces, there is no reason—and that I understand is the Bengal case—why from the date of the War when this duty was first levied, the benefit of that duty should not go to Bengal. If he had come and merely said: "I am now obliged to give up this export duty on jute, either in whole or in part, because I realize that Bengal has a claim to it", then none of us could have said anything, and the duty of the Honourable the Finance Member, then, primarily, and secondarily and ultimately of this House, would have been to treat the amount lost as a deficit in the general revenues of the Government of India, and then to set about finding ways and means by which that deficit could be made good; but my Honourable friend has not suggested any absolute giving up of that duty up to fifty per cent. at least to Bengal, but he has put forward an interlocked proposition, if I may say so. He has combined that with the proceeds of the match duty. He has said that the benefit of it should be to the extent of the revenue that he gets from matches, and today his speech on the third reading of the Bill shows that Bengal will only get 120 lakhs by way of a straight grant. Probably, he was thinking of the balance by way of a loan which could be later adjusted, with interest or without interest, or wiped off from the succeeding years of match excise duty. He has said that that is the proposition,—that to the extent that the match excise duty . . . . .

**The Honourable Sir George Schuser:** May I explain the position? That is only as regards this year. Afterwards, any sort of connection between the match excise and the transfer of the jute duty ceases. It is merely for this year, when we can only collect eight months' revenue from the match excise that we suggest postponing the date of the transfer. I am merely

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saying that as a basis for explaining why we have got to do it in that way. But hereafter, the principle is accepted, and the connection between the match-excise duty and the handing over of the jute duty ceases altogether. I have merely explained why we have to do it in a certain way this year. (Loud Applause.)

**Diwan Bahadur A. Ramaswami Mudaliar:** Very well, I accept that position. In any case the House has the proposition that the match-excise duty was inextricably connected with the grant of assistance to Bengal. If that is the position of my Honourable friend, then what is the meaning of his statement that he should keep a close watch on the finances of the Bengal Government, and that the latter should see to it that all proper retrenchments are carried out by the Bengal Government, and that the Bengal Government should satisfy the Government of India that it is carrying on its administration in the most economical way so that it may get the benefit of this? If, as my Honourable friend now suggests, in this year fifty per cent of the jute duty will go to them irrespective of the duty he gets from matches—and I accept that position—then I ask again what is this position that he has laid down, that the Government of India must satisfy themselves that Bengal is doing all that she possibly can by way of retrenching her expenditure? Let me read from the Honourable the Finance Member's speech delivered on the occasion of his introduction of the Finance Bill:

"If we are prepared to take account of this and ask the Central Legislature to support us in raising funds to help Bengal, we can also fairly claim to be satisfied that the Bengal Government and Legislature are doing all that is possible to help themselves. Everything which I have to propose is subject to this condition"

and the Honourable the Finance Member has reiterated that condition today on the floor of the House, and I take it that that condition obtains not only for the current year but for some years to come.

**The Honourable Sir George Schuster:** That will be settled once for all in the current year, after the inquiry this year, but once it has been made, then it will be settled once for all.

**Diwan Bahadur A. Ramaswami Mudaliar:** I am very glad my Honourable friend has illustrated what was apparently to me at any rate a rather dark proposition. I take it that the Government of India are going to closely consider the question of the finances of the Bengal Government—the way in which it is administered, the amount of economy or retrenchment that is being carried out by the Bengal Government, and so on. Now I turn to my Honourable friends from Bengal and ask them to co-operate with us in this matter. They have got their jute duty. There is no question about it. Now, it is their duty to co-operate with all other sections in this House, and to put pressure on their own Government and on the Government of India to see to it that the administration in Bengal is carried out economically as in other Provinces, and that their resources are not frittered away as in the past, and that their administration is not more top-heavy than it can be helped.

**Sir Abdur Rahim:** That applies equally to all other Provinces,—not exclusively to Bengal, surely?

**Diwan Bahadur A. Ramaswami Mudaliar:** Leave us alone. You do not care to come to our help here. We have been for the last hundred days beating our heads against a stone wall and asking that the Government of India should do something merely to prohibit the importation of cheap rice and the dumping of cheap rice into our Province . . . .

**Mr. S. O. Mitra:** We supported you in that.

**Diwan Bahadur A. Ramaswami Mudaliar:** But, until this moment, we have not got any satisfactory reply.

**Mr. D. K. Lahiri Chaudhury (Bengal: Landholders):** We did support you on that point.

**Diwan Bahadur A. Ramaswami Mudaliar:** Sir, I cannot understand why the finances of Madras should be scrutinised by the Government of India when the Madras Government is not going to get a penny from the Government of India, when it depends upon its own local taxation, when it depends upon its own retrenchment and does not want the Government of India to come to its help. I only want to enter a caveat against the proposition that other Provincial Governments and their Administrations and their finances also should be scrutinised in the same way as the Bengal Government's Administration is going to be scrutinised. The Honourable the Finance Member has stated that, in view of this remission of the export duty, the Bengal Administration will be scrutinised. I would ask my Honourable friends from Bengal—will you, as public representatives, see to it that pressure is brought to bear upon your Government to see what they can do in the matter of economising your Administration costs? Sir, here let me quote the opinion of a Bengali—not of a person who comes from another Province—an Indian correspondent who is eminently reasonable, as his contributions to the *Statesman* will show.

**Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammads Rural):** You mean it is Mr. P. N. Guha?

**An Honourable Member:** This gentleman is against all political advance as is well known.

**Diwan Bahadur A. Ramaswami Mudaliar:** Well, he may be against all political advance, but he is certainly not against the Bengal Government. He is one of those who supports Government—unlike those who are always against Government. Sir, my Honourable friend, Mr. Mitra, accepts that this gentleman is not one of those who are generally speaking keen critics of Government. Now let us see what this gentleman says. Writing on the 4th of March in the *Statesman*,—very soon after my Honourable friend made his speech asking the Central Legislature to take the case of Bengal into its special consideration,—he says:

“In asking the Central Legislature to take the case of Bengal into its special consideration, Sir George Schuster has laid down a special condition and that is that the Government and the Legislature of Bengal will do all that may be found possible to help themselves and he concluded with the following significant words: ‘Everything which I have to propose (for Bengal) is subject to this condition.’ The question will, therefore, naturally arise if the Government and Legislature of Bengal are doing all that can be done to help themselves. The exact position in this connection cannot be

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explained briefly, yet it can be said safely that the Legislature of Bengal did all it could, but the Government did not. Two successive committees appointed at the instance of the Bengal Legislative Council to find out ways and means for retrenchment recommended the curtailment of over two crores of rupees in the expenditure, but the Government of Bengal has not seen its way to retrench even a quarter of the amount. The Swan Committee thought that the size of the Cabinet of the Governor could be reduced, but the Government has decided that 'no action will be taken to reduce the size or the emoluments of the Cabinet pending the introduction of the new reforms'. As to the question of Hill exodus, the Government thinks that 'in these abnormal times when urgent matters which require the attention of the Government as a whole are so numerous it is not possible to abandon the second visit to Darjeeling'. Further 'it has been decided to make no reduction in the number of Secretaries,' and 'no reduction in the number of Divisional Commissioners is considered practicable in the present condition'. So forth and so on. It is for the Government of India and the rest of the world to judge if the Government of Bengal is helping itself although the lines on which such help can be secured have been indicated by the Legislature of Bengal."

Now, Sir, I do not suggest that this statement is absolutely sacrosanct, but it is a statement by one who does suggest, that the whole question of retrenchment in the Bengal administration deserves to be looked into. I, therefore, appeal to my friends from Bengal that, when that question is taken up by the Government of India, they should try to see that the Government of India examines the whole position courageously and carefully, if I may say so.

Sir, as regards the match tax itself, however much I may dislike it, I know that it is going to be passed, and I am not going to oppose it, merely because it is not practical politics to oppose this tax. It is certainly a handicap to the poor man, and, in spite of the amendments that have been made by the Select Committee, we know that in the retail market the match box is going to be a heavy luxury hereafter to the poorer classes.

There is only one other aspect of the question that I should like to state. I was very thankful to hear the Honourable the Finance Member stating somewhat boldly, if he will permit me to say so, this morning his criticism of those people, either in this country or in England, who cut of their anxiety not to see the reforms being granted and out of political motives are trying to pervert the situation. They are suggesting obstacles where none exist, and are throwing all sorts of terrors into the way of reforms, so that those, who have not had the time to study these questions, may be easily frightened. I was very glad to see that the Honourable the Finance Member, from his responsible position here in this House and as a custodian of India's finances during the last five years, was able to get up and say that, while undoubtedly the situation is very difficult, it was certainly not hopeless; that, while undoubtedly the future must be looked at with care, it certainly was not such as to be an obstacle to the inauguration of the new scheme of reforms. I am aware that there are a certain number of retired Indian civilians in England who, it must be said to their credit, have carried on a propaganda in favour of reforms and have tried to place in their proper perspective the difficult problems that are in our way. I am also aware, in fact, most of us are aware that, on the other hand, there are some—I shall not say many—who, out of sheer perversity, if for no other reason, have done their best to do disservice to this country.

My Honourable friend referred to future Ministers who, if they were worth their salt, would try their level best to see that the finances of the Provinces and of the Centre were put on a proper basis. I have no doubt that the occasion will find the men. Every country has found it so. And in spite of what may be said by some of the critics among my own countrymen, the despairing critics who think that nobody can do the job well except themselves, the people who out of a heightened sense of their own self-esteem are in a position to decry all democratic forms of Government, and who suggest that none of their countrymen will be in a position to discharge their duties properly if placed in a place of authority,—I say despite all that, none of us has really any doubt that the occasion will find the proper men. If we are given the responsibility and the opportunity, then there are patriots enough in this country who will take courage in their hands, and who will face unpopular measures if they have to face them and carry them through if they are for the benefit of the country. Therefore, I am very glad that the Honourable the Finance Member has suggested that there is no point or not much point at any rate in these dark criticisms which are going on sometimes in this country and more often in his own country and I can only echo the hope that has been addressed by my Honourable friend, Mr. B. Das, that, when Sir George Schuster returns to his country, he will try to plead—I won't say plead for my own country—for truth, for justice, for fairplay and for judging all these questions on their merits, and not through prejudiced spectacles. I will only like to associate myself with all that has been said about Sir George Schuster in his personal capacity and as the Finance Member of the Government of India.

**Mr. A. H. Ghuznavi:** Sir, I never thought that the question regarding the finances of the Bengal Government will be raised in this Honourable House on this Matches Bill. I will briefly state to my Honourable friend that this is not a dole that the Government of India are going to give us. They have been robbing us all these years of our money, and they have recognised, rather late in the day, that it was not fair and they are giving us back a portion of it.

**Diwan Bahadur A. Ramaswami Mudaliar:** That is exactly what I said. Of course, I did not use the word "robbery".

**Mr. A. H. Ghuznavi:** I am coming to that. My Honourable friend, the Finance Member, has said that they would like to scrutinise the finances of the Bengal Government, to see whether it has been able to carry out retrenchment, and whether it has made every effort to live within its income. His remarks were not made, as far as I could understand, with regard to this duty. Bengal is a deficit Province and it needs money badly. By all means retrench in order to balance the budget. That is what the Finance Member is going to see, as to how far Bengal can reduce its expenditure and how far it needs the help of the Government of India to balance its budget. This duty legitimately belongs to us, and it is with the greatest difficulty and after so many years of agitation that His Majesty's Government have recognised that it is our money and it should be given to us. My Honourable friend, Diwan Bahadur Mudaliar, was on the Federal Finance Committee, and he must know that the Committee has recognised that this money should go back to Bengal.

[Mr. A. H. Ghuznavi.]

Mr. Mudaliar's grievance is that in one breath the Government say that they must see that the Government of Bengal must carry out retrenchment in order to reduce its expenditure, and in the other breath they say that here is the money we are giving you. But my point is this, so far as the Finance Member's statement is concerned, the Government of India are going to look into the finances of Bengal, not with regard to this particular duty, but to find out whether the money that the Government of Bengal will get from the jute duty will enable it to balance its budget. That is why he wants to go into the finances of Bengal. Then, Sir, I am grateful to my Honourable friend that he does not grudge us getting back what we call our money, of which we have been deprived all these years. In the morning, I referred to Calcutta on the telephone and I got the telegram now. This is what the telegram says:

"Percentage using wood Esavi Match, Japanese 50, German 30, Indian 20. Calcutta Match, Japanese 40, German 20, Indian 40. Indian Factories use both Japanese and Indian. Small manufacturers use all Indian. Labourers being all Indians working nine hours a day, about fifty per cent day work and fifty per cent piece work allowing half day work. *Nishi*."

This is the telegram that I have received from the Chairman of the Japanese Commercial Museum.

Sir, coming to my Honourable friend, Sir George Schuster, I should say that the Members from Bengal are very grateful to my Honourable friend for, as I said during the Budget discussion, he is the first Finance Member of the Government of India who has recognised the legitimate claim of Bengal to the jute duty, and it is in his hand that Bengal has at last received some tangible recognition of her just dues. Mr. President, I sincerely wish my Honourable friend good health and a contented life, and all the rest will follow for such an intelligent and active mind as his. (Applause.)

**Mr. Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): Sir, this Bill will soon be passed into law, and I see that the whole House is ready to give its support in passing this Bill. I wish to make some observations with regard to a certain controversy that has taken place just now in the House, and I think it my duty to give expression to my views and to give vent to the views of those whom I have the honour to represent in this House. The duty which may be realised from this match excise may go to Bengal or to the exchequer of the Government of India. I have not got much quarrel about that. I have one word to say about the principle underlying this controversial matter. My Honourable friend, Mr. Ghuznavi, may like the principle, because he is gaining, and this may not be liked by my Honourable friend, Diwan Bahadur Mudaliar, because his Province is not being treated similarly as Bengal. If we accept the principle that the jute export duty should go to Bengal, only because Bengal has not got sufficient money to meet her expenditure . . .

**Mr. A. H. Ghuznavi:** That is not the principle.

**Mr. Muhammad Yamin Khan:** Because Bengal has got a deficit Budget and jute is its produce, and, therefore, she should be treated favourably by this House, I say, Sir, I am not ready to recognise that

principle. If we accept this principle, then similar claims may be made by other Provinces. The one great factor, which has contributed to the deficit in the Bengal budget, is that Bengal has got permanent land revenue settlement. In other Provinces, we are paying land revenue on an enhanced scale. If in the United Provinces we are paying a land revenue of, say, Rs. 1,000 on a particular piece of land, we find that in Bengal they pay Rs. 200 on a land of the same area. In the circumstances, the Bengal Government should come forward and touch the pockets of those who are enjoying a certain privilege in the shape of permanent settlement. I submit, Sir, that the people in other Provinces are not enjoying similar privileges, and yet the Government have shown this differential treatment between the various Provinces.

**Mr. A. H. Ghuznavi:** Is the Honourable Member aware of the "sun-set" law in Bengal?

**Mr. Muhammad Yamin Khan:** As a zamindar, I ought to know what "sun-set" law means. I know that property may be confiscated if land revenue is not paid to Government within a particular time. In other Provinces also the zamindars are not treated leniently by Government. They do not go scot-free if they cannot find the money to pay land revenue to Government within a fixed time. The zamindars in the United Provinces and other Provinces may not be treated so harshly as the Bengal zamindar may be treated in a particular way. But yet he has got a definite time, a definite period within which to provide the money. I am not concerned with the difficulties which the zamindars, in common, experience in all the Provinces. I am only referring to the particular ingredient that is contained in this principle, and I am only referring why the Bengal Government cannot find sufficient funds to meet its deficit in the Budget. We find in other Provinces like the United Provinces or the Punjab that the settlement is being revised every year in one district or the other. I find that in the neighbouring district of Bulandshahr and other places the land revenue settlement took place in 1917 when the prices were very high, and the land revenue was fixed according to that scale. In Bengal, however, we find that the land revenue was fixed in the time of Lord Cornwallis when grain was being sold at one rupee per maund, while in the other Provinces we find that the last settlement was made when grain was selling at five seers to a rupee. This is a hard fate not only to the zamindars in those Provinces but also to the tenants. We find that if we cannot make up our deficit, we have to provide the stamp duty and other duties which it is the duty of the Government to provide. If the Bengal Government is unable to meet its budget from the revenues ordinarily collected, they must find out the people who are enjoying special privileges undisturbed for several centuries and get money from them somehow or other, because similar classes of people in other Provinces are paying increased taxes to the Government. The Government should try some means or other. I do not suggest any means, because it is not my concern to suggest ways and means for Government. It is the Government that have to find out the money. The Bengal Government claims that the export duty on jute should be ear-marked for Bengal. Well, Sir, if this principle is accepted, on the same analogy I urge that all the money received in the shape of excise duty on sugar should primarily be utilised by the United Provinces. The claim of my Honourable friend from Bengal for the jute duty is based on the principle that jute is the monopoly of Bengal and that

[Mr. Muhammad Yamin Khan.]

Bengal is exporting jute, and so she should get all the duty. Similarly, I say, Sir, that the United Provinces produces all the sugar that is consumed in India, and the revenue that is derived from this sugar excise duty, I do not say, should go to the pockets of sugar producers, but I say that all this money realised in the shape of excise duty should be handed over to the general revenues of the United Provinces.

**Mr. S. C. Mitra:** You are eating sugar, whereas we are exporting jute.

**Mr. Muhammad Yamin Khan:** If my Honourable friend is ready to start eating jute, I have not the slightest objection, I have no quarrel with him in that respect. Let him eat jute. I do not mind if in Bengal they devise some other means of living, that is by eating jute. But we, in the United Provinces, not only eat our own sugar, but we also export sugar, not only to Bengal, but to other places, we export to Madras, we export to Bombay, and the sugar that is produced in the United Provinces is not wholly consumed by the people in the United Provinces alone, but by other people also. I submit, Sir, that as far as the principle of export is concerned, it means not only export to countries outside India, but also export from one Province to another. While Bengal is exporting jute, we in the United Provinces are exporting sugar to other Provinces. I must say that my friend is creating many difficulties. The principle here is whether the tax realised from the produce of a particular Province should go to that Province or to the Government of India. The United Provinces produce more sugar than other Provinces, and the Government of India are imposing an excise duty. They are perfectly entitled to do that, because the manufacturer is making large profits which he is not giving to the cane grower or to the consumer. Let half of it go to the Government of India and half to the pockets of the people who have put up the factories. But the principle is whether the Government of India should get it or it should go to the provincial exchequer. That point remains, and it will create complications and once this principle is accepted it will create a loophole for many things. My Bengal friends will next time say that Bengal exports a lot of rice, and, therefore, the rice duty should go to that Province. My friends from the Punjab may say that they are exporting large quantities of wheat and the export duty should go to their Province. I place the export duty on the same level as the excise duty, because in principle they are the same. On the same analogy, I may argue that why should not the United Provinces get the excise duty on sugar which is produced there and on which the tax is paid there?

**The Honourable Sir George Schuster:** I may point out to my Honourable friend that, if the United Provinces stopped producing sugar tomorrow, as far as the revenue is concerned, we should benefit greatly, because we should have to import from Java large quantities of sugar and thereby we would realise the much heavier import duty; whereas, if Bengal stopped producing jute tomorrow, there would be no export of jute and we should get no export duty and our revenues would suffer. The two cases are entirely different. |

**Mr. Muhammad Yamin Khan:** There is something to be said for that argument, but at the same time Government have to look to the interests of the people as well. If we stop producing sugar, certainly Government

will gain by having a good customs duty, but the people who are in this particular industry will be losers. My friend will know that imports into India are being paid by the export of gold, and if we had not so much export of gold we could not have all these imports into India. The result would be that India would be impoverished in two or three years. The producers of sugar-cane in the United Provinces have come to the rescue of Government in establishing financial stability, and Government cannot ignore that factor. I quite agree that this is a debatable question, and many factors have to be taken into consideration, but the principle remains whether a tax realised from one particular Province should go to that Province or to the Government of India. That principle I contest and we cannot agree to that at all. I will not go into minute details, because this is not the time for that, but if I had the time and the opportunity, I could show that the argument is not so strong as it appears to be.

Sir, this is the time when we must bid farewell to Sir George Schuster, and this is perhaps the last day when he is taking part in the debate of this House. The whole House will miss him and I am sure he will be missed also by the people who will come here next year and occupy these seats. But, I am sure his achievements will remain memorable and will always be remembered by the people of this country for the great benefit he has rendered to them. I am glad that my Honourable friend, Dr. Ziauddin Ahmad, who opposed the Reserve Bank tooth and nail, has now offered his co-operation in working it, and that the whole of that side will co-operate in making the Reserve Bank a success. I feel that it is a great advance for the people of India which the Finance Member has helped to create for their benefit, and this is a great step towards self-government for this country. I think he has rendered great and signal service to this country which will be always appreciated and remembered as a great boon. Sir, I support the motion.

**Mr. S. C. Mitra:** Sir, I repeat what I said yesterday that we have to support this motion for putting an additional duty on one of the necessities of life with the greatest reluctance. But the exigencies of the occasion demand it and I think we are well advised to accept the motion. I would only like to say a few words about the contribution to Bengal. We, from Bengal express our gratefulness to the Government of India and to Sir George Schuster in particular, for making the point absolutely clear that the contribution to Bengal is not necessarily connected with this match duty, though for the current year it has a necessary connection to a certain extent. I do not like to argue very much with my friend, Mr. Yamin Khan. I think he made a fundamental mistake when he missed the difference between an excise duty and an export duty. I shall merely tell him that there is no excise duty on jute: the hessian that is produced in Bengal and is consumed in Bengal or the United Provinces is not taxed. It is only on the export of jute and its manufactures that the duty is put. I shall leave it at that. I think on further consideration Mr. Yamin Khan will revise his opinion, because when he sees that the Government of India are not getting larger duties from sugar, the amount of revenue from imported sugar has been much reduced, the excise duty alone is not going to give them that amount: as a matter of fact the Government by their protective policy have encouraged Indian industry though it has meant loss of revenue in total.

[Mr. S. C. Mitra.]

As regards the other points raised, I agree with my friend, Mr. Ghuznavi, that Bengal had a rightful claim all these years to a bigger proportion from the total revenues. I shall only quote some figures to show that, by the Meston Award, Bengal was deprived of its real claims as the Province having the largest population. Bengal, with a population of 46,694,000 had an annual revenue in 1921-22 of 8.94 lakhs, while the United Provinces, with a population of 45,315,000, had a revenue of Rs. 12.38 lakhs: and Madras, with a population of 42,318,000, had a revenue of Rs. 15.39 lakhs, while Bombay, with a population of 19,348,000 had a revenue of Rs. 13.26 lakhs. From this it will be clear that a big Province like Bengal having the largest population had a very low actual revenue; and if we refer to other figures, the contribution of Bengal to the Central revenues will show the apparent injustice done to Bengal. I quote the figures of 1928-29 which show:

				lakhs.
<b>Madras:</b>				
Customs Revenue	...	...	...	4.93
Jute tax	...	...	...	...
Income-tax	...	...	...	1.31
Salt tax	...	...	...	90
			<b>Total</b>	<b>7.14</b>
<b>Bombay:</b>				
Customs	...	...	...	2.26
Jute tax	...	...	...	...
Income-tax	...	...	...	3.17
Salt	...	...	...	41
			<b>Total</b>	<b>5.84</b>
<b>Bengal:</b>				
Customs	...	...	...	5.45
Jute tax	...	...	...	3.99
Income-tax	...	...	...	6.15
Salt	...	...	...	1.00
			<b>Total</b>	<b>16.59</b>
<b>United Provinces:</b>				
Customs	...	...	...	5.80
Jute tax	...	...	...	...
Income-tax	...	...	...	90
Salt	...	...	...	97
			<b>Total</b>	<b>7.17</b>

From these figures, it is amazing that Bengal pays to the Central revenue 16.59 lakhs, and next come Madras and the United Provinces with about 7.41 lakhs each. If Mr. Yamin Khan has any sense of equity, he will feel that it is not as a matter of grace, but it is the remedying of an

injustice from which the Government of Bengal has suffered all these years, and the result has been that the nation-building departments have been starved. The Government, as everybody knows, will not curtail much expenditure on law and order: so what will happen. . . .

**Mr. Muhammad Yamin Khan:** I never said this.

**Mr. S. O. Mitra:** I fully agree with my friend, Diwan Bahadur Mudaliar, that the expenditure of Bengal, as of all other Provinces, should be fully scrutinised in those very hard days: but there should not be any impression that the Bengal Government all these years did nothing. I would only like to read just a few sentences to show what they have done during the last ten years:

"The Government, however, had still to face a large deficit, and in 1922 they presented three Bills to the Legislative Council, one of which provided for the taxation of amusements and betting, and the other two for increase of Court-fees and of stamp duties. A substantial increase of registration fees was also imposed a little later by executive order. At the same time Government closely scrutinised their expenditure and effected retrenchments amounting to Rs. 70,52,000 in 1921-22 and to Rs. 48,88,895 in the following year. In 1922-23 a Retrenchment Committee was appointed to explore the possibilities of further economies. The ultimate result of their recommendations was a saving of Rs. 37,50,000. These measures did not entirely relieve the Government of Bengal of their anxieties. Though retrenchments were possible in some directions, in others an increase of expenditure was unavoidable. In particular, the post-war revision of pay had added to the cost of every department. From 1925-26 onwards, however, the position improved slightly and Government were able to carry on for some years without seriously trenching on the provincial balance. The general economic depression then began to affect the revenue receipts, which fell from Rs. 11,35,00,000 in 1929-30 to Rs. 9,66,00,000 in 1930-31. The Government of Bengal again took up the question of retrenchment, and in that year and the next they effected further economies to the extent of Rs. 44,28,000."

So it cannot be said that the Government of Bengal have not tried to economise. But I agree that if there is still room for economy and retrenchment, it should be done.

My Honourable friend, Diwan Bahadur Mudaliar, was referring to a statement in the *Statesman* contributed by its Indian Political Correspondent, where he has suggested the recommendations of the Retrenchment Committee about the abolition of the posts of Divisional Commissioners, the larger salary of executive officers and the question about exodus and that these should be seriously considered. Sir, I would only like to emphasise that these are not peculiar to Bengal. I have great sympathy for retrenchment on these matters, but they are common in all Provinces. I think to some extent, some of the expenditure could certainly be curtailed, as they have done in Bombay by abolishing the number of Executive Councillors and Ministers, and we would welcome any move on the part of the Government of India to impress upon the Local Governments to practise economy in the manner adopted by Bombay. But, as I said, the trouble is not peculiar to Bengal alone, it is common to all the Provinces alike.

I should like to give one warning, and I hope here I shall have the sympathy of my friend, the Diwan Bahadur, that Government should not put pressure on Provincial Governments to retrench expenditure only on nation-building departments. In Bengal the money granted to the nation-building departments like Public Health, Sanitation, Education, etc., was hardly sufficient to meet our requirements, and, as was shown by my

[Mr. S. C. Mitra.]

friend, Mr. Raju, Bengal has been the worst sufferer in all these matters, and I feel that the Government of India would be very much ill-advised, if they pressed the Local Governments to curtail their expenditure on the nation-building departments. I think this will satisfy my friends that it was not any special mercy or favour that we wanted, but bare justice should be done to remedy an old wrong that was continued all these years on Bengal.

**The Honourable Sir George Schuster:** Sir, I desire to be very brief. I am glad, in the first place, that I had an opportunity of making it clear that there is no connection between the proceeds of the match excise duty and what we are doing for Bengal, except that it was necessary for us to ask the House to approve of the match excise duty this year, in order to enable us to carry out the proposals of Government. I might just as well have connected the sugar excise duty with that proposal or any other form of tax, but the only reason why the match excise duty was connected with it was that if it had not been for this proposal to make the transfer to Bengal, we should not have proposed the match excise duty; while we should in any case propose the sugar excise duty, because we thought that was necessary for other reasons. Now, Sir, I do not wish to start upon any sort of hair-splitting definition of the precise significance of what we are proposing for Bengal,—whether we are acknowledging a right or giving a dole, or in whatever way it may be described. I would just like to explain again what our position in this matter was. In this, as in other cases, we had to approach the question from a strictly practical point of view. Our position was that of bankers who were responsible for financing Bengal. We had to say to the Bengal Government: “we cannot allow this piling up of deficit debt to go on; either you yourselves should stop it or we must recognise the fact that your position is so bad that it does not lie within your power to do so”. On that broad issue, we were quite clearly convinced that it was not in the present circumstances within their power to do so, and, therefore, we came forward with this proposal. But we still retain our position of bankers in regard to Bengal, and it is no use our making this proposal unless they on their side are going to help and fill up the remainder of the gap and restore equilibrium. That is really the position. We were not in a position ourselves to decide at this stage, as a matter of right, that half the export duty was to be transferred, because that is part of the constitutional plan in the White Paper which is still under consideration. Therefore, we had to approach it from a strictly practical point of view, and I hope I have made that position clear. We certainly do not intend to be unreasonable with the Government of Bengal, but we do feel that it is not only necessary from the point of view of the finances of India as a whole, but also probably desirable in their own interest, that we should take seriously that condition which I first mentioned as regards this grant.

Now, Sir, apart from that, I think I need say no more. I would only like to take this, which is the last occasion when I shall speak on an important measure, for I trust that no serious speeches need be made on the Mechanical Lighters Bill,—I would just like to take this occasion to say a few words as regards my own relations with this House. I should like to thank all Members of the House for the help which they

have at all times given to me when I have asked for their help and cooperation. I have one particular instance in my mind. If I have achieved anything of value to the Indian position in the course of my tenure of office as Finance Member, I think it is perhaps the way in which we tackled the question of retrenchment. Any one can impose new taxes, but retrenchment is a much more difficult thing to tackle and a much more real achievement when it is achieved. In that I asked for the help of this House, and we followed an unusual procedure in appointing Retrenchment Committees from this House. I can only say that from my own point of view that procedure was a great success. It helped me enormously, and I have always taken every opportunity to thank those Members of the House who sat on those Retrenchment Committees, worked unremittingly, and I think produced very valuable results. One does not like to single out special names; but perhaps the House will agree with me that I might in this connection single out the name of my friend, the Leader of the Opposition, for he had to preside over the most troublesome Committee of all, and there is not the slightest doubt that his Committee was by far the most hard-worked of all Committees. I thank him, and I thank all the other Members of the House for the help which they gave us on this side on that occasion, and I may say that on no occasion that I have been here when we have asked help of that kind, on no occasion has it been denied to us. I have also received the most valuable help from the Members of the Public Accounts Committee and the Standing Finance Committee, and it has always been a very great pleasure to work with them. I can only hope that on their side the Members of this House, who served on the Retrenchment Committees and on the Standing Finance Committee and the Public Accounts Committee, feel that they have derived some value from their work. I feel myself that one can see signs of the value in the discussions which we now have. I feel that particularly the work on the Retrenchment Committees has taught Honourable Members opposite a great deal about the way in which Government Departments are carried on and has enabled their criticism to be much more accurately directed than hitherto. That is all I think that I need say, except if I might, to congratulate the House on having gone through an exceedingly long and arduous Session in such a good heart and in such good temper.

I feel, Sir, that we owe a special debt of gratitude to you for having kept the House so cool. No one knows, Sir, where you got the money with which to do it. But at least we can all of us appreciate what has been done, and if I might say so, in this and in all other ways, you, Sir, have always helped to make the discussions in this House pleasant and valuable and conducted in a way, not only suitable to the convenience of Members, but suitable to the conduct of public business.

Sir, I feel I have nothing more to say, except to express the hope that friendships started in this Assembly may continue ever after.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Before the question is put, I would like to join my Honourable colleagues in expressing to the Honourable the Finance Member our good wishes on his retirement from this country next week. (Applause.)

It has been my privilege to have been a severe critic of his for over three years, and for the last one year, I have watched the effect of the criticisms on him from a more detached sphere. (Laughter.) I have also felt that, however much we might have differed from the Finance Member, he has always shown a genuine spirit to understand our point of view, (Cheers.)

[Mr. President.]

I have also had experience of working with him on Committees and it is specially when we are engaged in important work on Committees that we realise how important and useful was the way in which he guided the deliberations of the Committees. Very often, when the Non-Official Members were not in a position to tackle the official witnesses in a proper manner, it was the Finance Member as the Chairman of the Committee that came to the rescue and help of the Non-Official Members. (Cheers.) Honourable Members have expressed a desire that Sir George Schuster should come back to us. Whether he comes back to us or not—we would certainly be delighted if he comes back to us—we have no doubt that when he goes back, he would in any opportunity that might present itself to him keep the interests of India at heart, and that he would have many opportunities of serving the common interests of India and England. (Cheers.) I wish him all God-speed and a happy sojourn in his own native land. (Cheers.)

The question is:

“That the Bill, as amended by the Select Committee, be passed.”

The motion was adopted.

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#### THE MECHANICAL LIGHTERS (EXCISE DUTY) BILL.

**The Honourable Sir George Schuster** (Finance Member): Sir, I move for leave to introduce a Bill to provide for the imposition and collection of an excise duty on mechanical lighters.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

“That leave be given to introduce a Bill to provide for the imposition and collection of an excise duty on mechanical lighters.”

The motion was adopted.

**The Honourable Sir George Schuster**: Sir, I introduce the Bill.

I now move that the Bill to provide for the imposition and collection of an excise duty on mechanical lighters be taken into consideration.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Motion moved:

“That the Bill to provide for the imposition and collection of an excise duty on mechanical lighters be taken into consideration.”

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): At this stage end of the Session it is rather unfair to the Non-Official Members to support that the Bill be immediately taken into consideration. Unless the Finance Member shows that there are some definite urgent reasons and that the finances of India will substantially suffer, I think it is rather unfair to suspend the Standing Order and take this Bill of taxation without any notice into consideration.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member has raised an objection to taking this Bill into consideration, and unless the Chair suspends the Standing Order, the Bill cannot be taken into consideration. But before the Chair decides to exercise that right, the Chair must be satisfied that it is absolutely essential to carry this Bill through today.

**The Honourable Sir George Schuster:** This matter was discussed in the Select Committee. We only introduced this measure in order to safeguard ourselves against a possible serious loss of revenue. As a matter of fact, if any serious objection is taken to proceeding with the measure now, we feel on our side that, as long as it is known by the public that a measure of this kind is under contemplation, it will be quite sufficient to prevent anybody starting the manufacture of mechanical lighters in this country. So far as any danger of abnormal imports from outside is concerned, we could, for the time being, prohibit imports of mechanical lighters, if we find that there is a serious danger of over-stocking in the market and losing match excise revenue. So, if Honourable Members opposite feel that it is not fair to them to consider this measure now, we should be prepared to agree either to a motion of reference to a Select Committee or to a motion for circulation. We have served our purpose by introducing this Bill.

**Mr. President** (The Honourable Sir Shanmukham Chetty): So far as the point of order is concerned, the need for exercising the power of suspending the Standing Order would arise only if the Bill had not been made available for the use of Members three days before the motion was made. The Chair understands that the Bill has been made available, and, therefore, there is no need of suspending the Standing Order. But, the Chair understands that Government are prepared to accept a motion for circulation or for reference to a Select Committee, and, therefore, the House might cut short the debate if one of those motions was moved.

**Mr. Bhuput Sing** (Bihar and Orissa: Landholders): As Government are agreeable to accept my motion, I need not be very long in my arguments. I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st July, 1934."

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member had better make it 30th June.

**Mr. Bhuput Sing:** I have no objection, Sir. The purpose of my moving this amendment is this. In the Statement of Objects and Reasons, it is stated that there is not, as yet, any established industry in the manufacture of mechanical lighters in India, and I do not know how the industry for the manufacture of them may be established overnight. If they want to manufacture, they must get machinery from abroad in the first instance before they can ever start. With this high duty of two rupees per lighter, there is absolutely no chance of this industry being ever established here. Government, by bringing forward this Bill, want to forbid the manufacture.

**The Honourable Sir George Schuster:** I am quite prepared to accept the motion for circulation as I have already announced. Possibly my Honourable friend will not feel it necessary to argue the case.

**Mr. Bhuput Sing:** I want that opinions may be invited from the match industry, from the importers of these lighters and from the customs authorities as to the number of mechanical lighters imported for the last few years, and whether that will affect the consumption of matches or not. These are points which will have to be considered when inviting opinions. Moreover, the definition of a mechanical lighter is a very wide one. Even a small toy which produces a spark will come under the definition, and that is not right. This point also must be considered in the meantime, and there are other things also for consideration by the Government. I move my motion.

**Mr. B. Das** (Orissa Division: Non-Muhammadian): I oppose the whole Bill and the circulation motion also.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

“That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th June, 1934.”

The motion was adopted.

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#### THE INDIAN ARMY (AMENDMENT) BILL.

**Mr. G. R. F. Tottenham** (Army Secretary): Sir, I move for leave to introduce a Bill further to amend the Indian Army Act, 1911, for certain purposes.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

“That leave be given to introduce a Bill further to amend the Indian Army Act, 1911, for certain purposes.”

The motion was adopted.

**Mr. G. R. F. Tottenham:** Sir, I introduce the Bill.

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#### RESOLUTION *RE* EXCISE DUTY ON MOTOR SPIRIT FOR THE PURPOSES OF ROAD DEVELOPMENT.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): Sir, I beg to move the following Resolution:

“In supersession of the Resolution adopted by this Assembly on the 4th February, 1930, as supplemented by the Resolution adopted by this Assembly on the 3rd October, 1931, this Assembly recommends to the Governor General-in-Council that:

1. There shall continue to be levied on motor spirit an extra duty of customs and of excise of not less than two annas per gallon, and the proceeds thereof shall be applied for the purposes of road development

2. (1) From the proceeds of such extra duty in any financial year there shall be deducted a sum equivalent to the share in such proceeds arising from motor spirit used for purposes of civil aviation during the calendar year ending in the financial year concerned, and such sum shall be at the disposal of the Governor General-in-Council for allotment as grants-in-aid of civil aviation.

(2) The balance of the proceeds shall be credited as a block grant to a separate Road Account.

3. (1) The annual block grant shall be allotted as follows :

(a) a portion equal to fifteen per cent shall be retained by the Governor General-in-Council as a Central reserve;

(b) out of the remainder there shall be allotted—

- (i) a portion to each Governor's Province for expenditure in the Province;
- (ii) a portion to the Governor General-in-Council for expenditure elsewhere in British India;
- (iii) a portion to the Governor General-in-Council for expenditure in Indian States and administered areas;

in the ratio which the consumption of motor spirit in each area to which an allotment is to be made bears to the total consumption in India during the calendar year ending during the financial year concerned :

Provided that for the purposes of these allotments the consumption of motor spirit in Jammu and Kashmir shall be disregarded.

(2) The portion allotted to a Governor's Province shall be placed at the disposal of that Province in one or more instalments, as soon as the distribution can conveniently be made.

4 The balance to the credit of the Road Account or of any allotment thereof shall not lapse at the end of the financial year.

5. No expenditure shall be incurred from any portion of the Road Account save as hereinafter provided.

6. The Central reserve with the Governor General-in-Council shall be applied firstly to defraying the cost of administering the Road Development Account, and thereafter upon such schemes for research and intelligence and upon such special grants-in-aid as the Governor General-in-Council may approve.

7. (1) All allotments for expenditure in British India may, subject to the previous approval of the Governor General-in-Council to each proposal made, be expended upon any of the following objects, namely :

- (i) on the construction of new roads and bridges of any sort;
- (ii) on the reconstruction or substantial improvement of existing roads and bridges;
- (iii) on the interest and amortization of loans taken after the date of this Resolution and spent on the construction, reconstruction or substantial improvement of roads and bridges;
- (iv) in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Account since 1930;
- (v) in special cases, on the maintenance of roads or bridges constructed, reconstructed or substantially improved from loan funds after the date of this Resolution.

(2) Where any part of a provincial allotment of the Road Account is to be applied for the payment of interest and amortization of loans under clause (iii) above, such payment shall be a first charge on all allotments to that Province.

8. In considering proposals for the construction, reconstruction or improvements of roads and bridges from the Road Account, the Governor General-in-Council shall bear in mind the present urgent need for improving the efficiency and reducing the cost of transport by road of agricultural produce to markets and railways.

9. The following special rules shall apply to Burma, namely :

(a) The portion of the Road Account allotted to Burma shall be further apportioned between the Shan States and the rest of Burma in the manner indicated in paragraph 3.

(b) Instead of the approval of the Governor General-in-Council to any proposal under paragraph 7, the approval of the Governor, after consultation with the Federal Council, shall be required for schemes in the Shan States, and the approval of the Local Government, with the concurrence of the Local Legislature, shall be required for schemes in the rest of Burma.

[Sir Frank Noyce.]

10. (1) A Standing Committee for Roads shall be constituted each financial year consisting of :

- (a) the Member of the Governor General's Executive Council in charge of the Department dealing with roads,
- (b) two nominated official members of whom one shall be a Member of the Legislative Assembly,
- (c) three members elected by the Members of the Council of State from amongst themselves, and
- (d) six members elected by the Members of the Legislative Assembly from amongst themselves.

(2) No approval to any proposal for expenditure from the Road Account shall be given by the Committee unless it is supported by :

- (i) a majority of the members present and voting who are Members of the Legislative Assembly, and
- (ii) a majority of the members of the whole Committee present and voting.

(3) All proposals for expenditure from the Central reserve and all other proposals for expenditure from the Road Account to be made in British India (excluding Burma) shall be referred by the Governor General-in-Council to the Standing Committee before he approves of them.

11. The functions of the Standing Committee shall be :

- (a) To consider the annual budget and accounts of the Road Account.
- (b) To advise upon all proposals for expenditure from the Central reserve.
- (c) To advise upon the desirability of all other proposals involving expenditure from the Road Account in British India (excluding Burma).
- (d) To advise the Governor General-in-Council generally on all questions relating to roads and road traffic which the Governor General-in-Council may refer to them."

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions: Non-Muham-madan Rural): On a point of order . . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Has the 4 P. M. Honourable Member moved his Resolution?

**The Honourable Sir Frank Noyce**: Yes, Sir, I started by saying that "I beg to move the following Resolution" and then I read the Resolution. I now propose to give my reasons for moving this Resolution.

**Mr. S. C. Mitra**: The point of order is this. It is obligatory on the Mover of a Resolution to show that the Resolution shall be clearly and precisely expressed and shall raise substantially one definite issue. I find in this Resolution that there are at least 11 paragraphs and about two dozen issues raised, and I want your ruling on the point.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The definite issue raised is the way in which the Road Fund is to be administered.

The Honourable Member, after reading this long Resolution, deserves some rest. He can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 21st April, 1934.