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LEGISLATIVE ASSEMBLY.

Monday, 15th March, 1926.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

VERIFICATION OF THE BALANCE SHEETS OF THE ARMY CANTEN BOARD (INDIA).

1233. ***Raja Ghazanfar Ali Khan:** Will the Government be pleased to state if the auditors have verified the balance sheets hitherto issued by the Army Canteen Board by personally visiting all the places and whether the auditors have checked all their stocks and obtained the verifications in writing of all the creditors of the Board in order to find out whether the liabilities of the Board are covered by the items shown under this head in the balance sheets?

Mr. E. Burdon: Government have no information and do not propose to inquire into these details. The auditors are a firm of high standing and must be presumed to know their own business. They have certified on the balance sheet that they received all the information and explanation that they required.

PROFITS OF THE ARMY CANTEN BOARD (INDIA).

1234. ***Raja Ghazanfar Ali Khan:** Will the Government be pleased to state how much profit the Army Canteen Board has earned since its establishment in the year 1921 and up to the closing of its last financial year and in what manner the proceeds were utilised?

Mr. E. Burdon: Taking the period mentioned by the Honourable Member as a whole, the operations of the Board show a loss and not a profit. There has, therefore, been no question of the utilization of profits so far.

AMOUNT OF INCOME-TAX PAID BY THE ARMY CANTEN BOARD (INDIA) DURING THE YEARS 1922—25.

1235. ***Raja Ghazanfar Ali Khan:** Will the Government be pleased to state, how much income-tax the Army Canteen Board has paid during the years 1922—25? If no income-tax has been paid, is it not a loss to the Indian Treasury? -

The Honourable Sir Basil Blackett: I am afraid I can only refer the Honourable Member to my answer to his question No. 28 on this subject on the 22nd January, 1925.

PAYMENT BY THE ARMY CANTEEN BOARD (INDIA) OF REBATE DUE TO REGIMENTS.

1236. ***Raja Ghazanfar Ali Khan**: Are Government aware that the payment of rebate due to regiments was not made by the Army Canteen Board for several months? If so, will the Government be pleased to state if this is a breach or not of the terms of contract agreed upon by the Army Canteen Board, and if so, why this irregularity has been allowed, and what steps do Government propose to take to prevent a repetition of this irregularity in future?

Mr. E. Burdon: Government understand that the payment of rebate to regiments was delayed during the year 1925, owing to the shortage of ways and means, but that all rebate due was finally paid and has been paid up to the 6th February, 1926. Government do not propose to take any specific step in this particular matter at present as they do not think it is necessary to do so.

PROFIT AND LOSS ACCOUNT OF THE ARMY CANTEEN BOARD (INDIA) FROM 1ST AUGUST, 1924, TO 31ST JULY, 1925.

1237. ***Raja Ghazanfar Ali Khan**: Will the Government be pleased to lay on the table the profit and loss account of the Army Canteen Board from 1st August, 1924, to 31st July, 1925?

TOTAL LOSS INCURRED BY THE ARMY CANTEEN BOARD (INDIA) SINCE ITS ESTABLISHMENT UP TO THE 31ST JULY, 1925.

1238. ***Raja Ghazanfar Ali Khan**: Will the Government be pleased to state the total loss incurred by the Army Canteen Board, since its establishment up to 31st July, 1925, and also all the irrecoverable expenses?

Mr. E. Burdon: With your permission, Sir, I propose to answer questions Nos. 1237 and 1238 together.

The attention of the Honourable Member is invited to the reply given on the 12th February, 1926, to part (a) of starred question No. 756. For the reason then given, I am unable to furnish the information desired.

PAYMENT BY THE ARMY CANTEEN BOARD (INDIA) OF REBATE DUE TO REGIMENTS.

1239. ***Raja Ghazanfar Ali Khan**: Is it true that the Army Canteen Board pays much less rebate than what the regiments received from private contractors and as a result Commanding Officers cannot give the same amount of donation which they formerly used to pay to messing, sport and other funds for the benefit of the troops?

Mr. E. Burdon: The answer to the first part of the question is in the negative. The second does not arise.

REFUSAL OF THE MURREE BREWERY TO SUPPLY BEER ON CREDIT TO THE ARMY CANTEEN BOARD (INDIA).

1240. ***Raja Ghazanfar Ali Khan**: Are Government aware that the Murree Brewery declined to supply beer to the Army Canteen Board on credit from 16th July, 1925, and thus the beer of other brands was forced on the troops which in most cases they did not like? Will the Government be pleased to state what steps, if any, have been taken to stop this practice?

Mr. E. Burdon: The Agents of the Brewery declined to supply beer on credit from the 16th of July to the 24th October, 1925, during which period the Board purchased their requirements of Murree beer for cash. The Agents now supply the Board on credit as before. At no time have regiments been unable to purchase this or any other brand of beer that they demanded. The latter part of the question does not arise.

AMOUNT OF REBATE PAID BY THE ARMY CANTEN BOARD (INDIA) TO OFFICERS' SHOPS AND INDIAN SHOPS AT RAZMAK.

1241. ***Raja Ghazanfar Ali Khan:** Will the Government be pleased to state the amount of rebate the Army Canteen Board is paying for the officers' shops and Indian shops including those of vegetables, fruits, eggs, etc., at Razmak on all cash and credit sales and to whom such rebate is paid?

Mr. E. Burdon: Rebate is payable at Razmak at the following rates:
Officers' Shops.—5 per cent. discount to customers and 2½ per cent. rebate on all sales to the Brigade Commander.
Indian Shops.—5 per cent. rebate on all sales to the Officer Commanding the regiment supplied

DISSATISFACTION WITH THE WORKING OF THE ARMY CANTEN BOARD (INDIA).

1242. ***Maulvi Muhammad Yakub:** Are Government aware that the soldiers, Presidents of Regimental Institutes and the Officers Commanding of the units served by the Army Canteen Board are generally dissatisfied with the working of the Board?

Mr. E. Burdon: The attention of the Honourable Member is invited to the reply given on the 7th September, 1925, to part (b) of starred question No. 688. It is the case that considerable dissatisfaction has been expressed.

AMALGAMATION OF THE ARMY CANTEN BOARD (INDIA) WITH THE SUPPLY AND TRANSPORT DEPARTMENT.

1243. ***Maulvi Muhammad Yakub:** Will the Government be pleased to state if it is proposed to amalgamate the Army Canteen Board with the Supply and Transport? If so, are Government aware that the proposed amalgamation will interfere with the Government's established policy of non-intervention in the free course of public trade?

Mr. E. Burdon: The answer to the first part of the question is in the negative. The second part does not arise.

DESIRE OF THE GOVERNMENT TO RETAIN THE ARMY CANTEN BOARD (INDIA).

1244. ***Maulvi Muhammad Yakub:** Is it a fact that the Government wish to retain the organization of the Army Canteen Board with a view to utilising it during occasions of war?

Mr. E. Burdon: Yes, Sir. Government would like to do so, if possible.

ABOLITION OF THE ARMY CANTEN BOARD (INDIA).

1245. ***Maulvi Muhammad Yakub**: Are Government aware that the firms and traders, who have been hitherto serving the troops, are ready to work in complete accordance with the desires of the Government and are willing to take over the stock of saleable goods of the Army Canteen Board at market rates if the Government decide to abolish that organization?

Mr. E. Burdon: No, Sir.

UTILISATION OF THE SERVICES OF PRIVATE FIRMS TO CATER TO THE NEEDS OF BRITISH UNITS IN THE EASTERN AND SOUTHERN COMMANDS.

1246. ***Maulvi Muhammad Yakub**: Is it a fact that in the Eastern and Southern Commands private firms are serving all British units stationed there?

Mr. E. Burdon: The answer is in the affirmative.

UNSATISFACTORY WORKING OF THE ARMY CANTEN BOARD (INDIA).

1247. ***Maulvi Muhammad Yakub**: Are Government aware that there have been general complaints from the rank and file of the British troops regarding the unsatisfactory working and the lack of management of the Army Canteen Board and that the inauguration of the said organisation instead of benefiting His Majesty's British troops in India has seriously affected their comforts?

Mr. E. Burdon: I would refer the Honourable Member to the reply which I have just given to one of his previous questions. The second part of the present question deals with a matter of opinion and as to that I would suggest to my Honourable friend that he should wait to see the report of the Committee of Inquiry.

VENTILATION OF THE GRIEVANCES OF REGIMENTS REGARDING THE WORKING OF THE ARMY CANTEN BOARD (INDIA).

1248. ***Maulvi Muhammad Yakub**: Are Government aware that the presence of high Government officials as Chairman and members of the Board of management influences the regiments from freely ventilating their complaints and grievances regarding the working of the Army Canteen Board (India)?

Mr. E. Burdon: No, Sir. The experience of Government is to the contrary.

DISSATISFACTION WITH THE WORKING OF THE ARMY CANTEN BOARD (INDIA).

1249. ***Maulvi Muhammad Yakub**: (a) Are Government aware that the majority of the Commanding Officers and troops who are served by the Army Canteen Board, are dissatisfied with their service and wish to adopt the old contract system as being more advantageous to the troops?

(b) If the reply is in the negative do Government propose to call for reports from the Commanding Officers of all regiments served by the Army Canteen Board?

Mr. E. Burdon: (a) The attention of the Honourable Member is invited to the reply which I have just given to a previous question on the same subject.

(b) The Government do not propose to call for such reports. The report of the Committee of Inquiry furnishes all the information required on the point.

INABILITY OF THE ARMY CANTEN BOARD TO RUN THEIR BAKERIES AND MINERAL WATER FACTORIES.

1250. ***Maulvi Muhammad Yakub:** (a) Is it a fact that the Army Canteen Board have been unable to arrange to run themselves the bakery of the regiments they serve in the Murree Hills and the mineral water factories in Murree, Dalhousie and the Simla Hills?

(b) If the reply is in the affirmative, will the Government be pleased to state why this has been allowed in the face of the undertaking given by the Army Canteen Board to run all their Institutes themselves?

Mr. E. Burdon: (a) The Army Canteen Board (India) conducted their own bakeries for regiments they served in the Murree Hills during the season 1925. They sub-let some of the mineral water factories in Murree, Dalhousie and the Simla Hills during the season 1925, because the mineral water plants which were being imported had not been received.

(b) No such undertaking was given. In this connexion, I would invite the Honourable Member's attention to Army Instruction (India) No. 881 of 1921.

OPENING OF NEW OFFICERS' SHOPS IN DIFFERENT CANTONMENTS BY THE ARMY CANTEN BOARD (INDIA).

1251. ***Maulvi Abul Kasem:** Is it a fact that new Officers' shops are being opened by the Army Canteen Board in different Cantonments and that tradesmen who are established there are affected injuriously thereby?

Mr. E. Burdon: The answer to the first part of the question is in the affirmative. With regard to the second part, I would invite the attention of the Honourable Member to the answer given by me to question No. 886 (a) on the 16th February, 1925.

SUPPLY OF GOODS TO CIVILIANS BY THE ARMY CANTEN BOARD (INDIA).

1252. ***Maulvi Abul Kasem:** Is it a fact that the Army Canteen Board is meant to supply goods only to troops and British officers? If so, what check have the Government against their supplying goods to civilians on cash payment?

Mr. E. Burdon: I would invite the attention of the Honourable Member to the answer given by Mr. Pate to question No. 1415 on the 9th June 1924.

GRANT OF AN ADDITIONAL LOAN OF RS. 15 LAKHS TO THE ARMY CANTEN BOARD (INDIA).

1253. ***Maulvi Abul Kasem:** (a) Will the Government be pleased to state why an additional loan of Rs. 15 lakhs was granted to the Army Canteen Board after the loan of Rs. 10 lakhs, by special sanction of the Secretary of State?

(b) Was the condition of the Board satisfactory at the time the loan of Rs. 15 lakhs was given?

(c) What amount if any has the Board paid back so far to the Imperial Bank out of the total amount of loan taken from it?

Mr. E. Burdon: (a) The additional loan of Rs. 15 lakhs was granted to the Board on the recommendation of the Committee of Inquiry, expressed very strongly in an *ad interim* report.

(b) No.

(c) Rs. 1,50,000 of the amount advanced by the Imperial Bank of India has been refunded.

Raja Ghazanfar Ali Khan: May I ask what has happened to that Report?

Mr. E. Burdon: There is a question on the paper with regard to that; if my Honourable friend will wait, I will answer it.

THE ARMY CANTEN BOARD (INDIA).

1254. ***Maulvi Abul Kasem:** Are Government aware that the organization of the Army Canteen Board is being helped at the expense of the British troops?

Mr. E. Burdon: I am afraid I do not understand the Honourable Member's question. If he will be more explicit, I shall endeavour to answer him.

GRANT OF AN ADDITIONAL LOAN OF RS. 5 LAKHS TO THE ARMY CANTEN BOARD (INDIA).

1255. ***Maulvi Abul Kasem:** With reference to the reply of Mr. Burdon on 6th March, 1925, to questions Nos. 1148 to 1150 by Khan Bahadur Wali Mohammad Hussanally, "that the Government of India have accordingly decided, with the sanction of the Secretary of State, to increase the Government guarantee of capital by 5 lakhs up to a total sum of Rs. 25 lakhs. The Government of India trust that with the addition to the working capital and with the increased receipts from new business in the Lahore District, the Army Canteen Board will no longer find it necessary to trade upon terms of credit extended beyond the usual commercial practice", will the Government be pleased to state why an additional loan of Rs. 5 lakhs was sanctioned soon after the above 5 lakhs?

Mr. E. Burdon: The Board's financial position had been affected by the attacks made upon it, to an extent which had not been fully realised and the additional loan was necessary to the purpose in view, the satisfaction of creditors.

DELAY BY THE ARMY CANTEN BOARD (INDIA) IN THE SETTLEMENT OF THE CLAIMS OF THEIR CREDITORS.

1256. ***Maulvi Abul Kasem:** Is it a fact that in spite of the additional loan of Rs. 10 lakhs sanctioned for the Army Canteen Board in March last, the creditors of the Board were still kept waiting in most cases even for six months for the payment of their dues? If the reply is in the affirmative, what steps have the Government taken in the matter?

Mr. E. Burdon: The attention of the Honourable Member is invited to the reply given on the 12th February, 1926 to starred question No. 755.

OPENING OF OFFICERS' SHOPS BY THE ARMY CANTEN BOARD (INDIA).

1257. *Maulvi Abul Kasem: Is it a fact that the Army Canteen Board is opening Officers' shops in their area?

Mr. E. Burdon: I would invite the attention of the Honourable Member to the reply which I have just given to starred question No. 1251.

COMPETITION OF THE ARMY CANTEN BOARD (INDIA) WITH PRIVATE TRADERS IN RAZMAK.

1258. *Maulvi Abul Kasem: Are Government aware that owing to the existence of the Army Canteen Board the private dealers at Razmak (Waziristan) were forbidden to sell toilet and smoking requisites, groceries, tinned provisions, etc., which goods they were supplying for the benefit of the troops since the establishment of the said camp?

Mr. E. Burdon: The Army Canteen Board, India, commenced trading in Razmak from the opening of the camp at that place. The monopoly of trade, which the Board were first granted ended in July 1925 and it is now open to private dealers to carry on their trade there.

ISSUE BY THE ARMY CANTEN BOARD (INDIA) OF RAILWAY CREDIT NOTES.

1259. *Maulvi Abul Kasem: Is it a fact that the Army Canteen Board is now in the same position as the Army in regard to the payments to the Railway and that it issues credit notes in lieu of cash payment for freight on their goods as is done by the Army? If the reply is in the affirmative, will the Government be pleased to state how often the account is settled and whether under the extension of this privilege the guarantee of the Government for this item of credit is in addition to the guarantee of loan from the Imperial Bank?

Mr. E. Burdon: Government are informed that the Army Canteen Board, India, does issue railway credit notes in lieu of cash payment for freight on their goods, as is done by many large commercial undertakings, but that they pay ordinary commercial freight rates and not army rates. The account has been settled up to and for December 1925.

RATE OF INTEREST PAID BY THE ARMY CANTEN BOARD (INDIA) ON THEIR LOAN FROM THE IMPERIAL BANK OF INDIA.

1260. *Maulvi Abul Kasem: Will the Government be pleased to state the rate of interest paid to the Imperial Bank of India by the Army Canteen Board for the amount advanced to it on Government guarantee and also the total amount thus paid by the Army Canteen Board up to 31st July, 1925?

Mr. E. Burdon: The Army Canteen Board, India, paid interest at 2 per cent. below the bank rate to the Imperial Bank of India up to the 7th October, 1924, since which date interest has been paid at the bank rate.

The total amount of interest paid by the Board up to the 31st July, 1925 was Rs. 2,01,081-15-3.

FURTHER LOANS TO THE ARMY CANTEEN BOARD (INDIA).

1261. *Maulvi Abul Kasem: Have Government sanctioned any more loans to the Army Canteen Board besides Rs. 45 lakhs or do they intend to do so?

Mr. E. Burdon: The answer to the first part of the question is in the negative. As regards the second, the Government are unable to make any statement of their future policy in the matter until a decision has been reached on the Report of the Committee of Inquiry.

Khan Bahadur W. M. Hussanally: May I ask the Honourable Member under what law these advances or loans are made to the Army Canteen Board?

Mr. E. Burdon: That question has already been asked and answered in this House.

Khan Bahadur W. M. Hussanally: May I ask what it is?

Mr. E. Burdon: I will refer the Honourable Member later, if he finds it necessary, to the particular proceedings in which the question was asked and the answer given.

Khan Bahadur W. M. Hussanally: May I know, in view of the fact that there have been several questions on the matter of the Army Canteen Board in this House, whether the Government propose to appoint any committee upon which this House will be well represented, to inquire into the whole matter?

Mr. E. Burdon: I think my Honourable friend himself has got a question on the paper on that point this morning.

REPORTS FROM THE MILITARY FOOD LABORATORY ON SAMPLES DRAWN FROM THE INSTITUTES SERVED BY THE ARMY CANTEEN BOARD (INDIA).

1262. *Maulvi Abul Kasem: Will the Government be pleased to lay on the table all reports from the Military Food Laboratory on samples drawn from the Institutes served by the Army Canteen Board?

Mr. E. Burdon: No, Sir.

COMPLAINT OF BABU HIRALAL GOENKA REGARDING THE ADMINISTRATION OF THE INCOME-TAX DEPARTMENT, CALCUTTA.

1263. *Mr. Ambika Prasad Sinha: Will the Government be pleased to state whether the Honourable the Finance Member has received a petition from Babu Hiralal Goenka of Calcutta, complaining about the administration of the Income-tax Department of Calcutta?

GRANT OF PERMISSION TO BABU HIRALAL GOENKA TO START LEGAL PROCEEDINGS AGAINST SOME PERSONS WHO ARE ALLEGED TO HAVE DEFAUDED THE INCOME-TAX DEPARTMENT, CALCUTTA.

1264. *Mr. Ambika Prasad Sinha: (a) Is it a fact that Hiralal Goenka and some other petitioners have asked for permission to start proceedings in a court of justice against some persons who are alleged to have

defrauded the Department and whose silence and taking no steps has made the Government lose lakhs of rupees yearly? If so, are Government prepared to grant sanction or raise no objection against such proceedings being started?

(b) Do Government propose to consult the Law Officers of the Crown and the Honourable the Law Member about the matter?

(c) Do Government propose to hold an open inquiry in the matter?

The Honourable Sir Basil Blackett: I will circulate the answer, Sir.

Mr. President: Dr. Lohokare.

Mr. K. Ahmed: Sir, may I put the question, No. 1263, in the absence of the Member?

An Honourable Member: Have you been authorised to put it?

Mr. K. Ahmed: I have been authorised, and, under the standing orders and rules of this Assembly, I am entitled to ask it.

Mr. President: Dr. Lohokare.

Mr. K. Ahmed: Sir, may I first have the answer to No. 1263, as we will not get another opportunity this Session? May I ask you, Sir, to call upon me to put the question?

The Honourable Sir Basil Blackett: I will circulate the answer, Sir.

Mr. K. Ahmed: When, Sir, will the answer be given and the circulation take place—within this week?

The Honourable Sir Basil Blackett: To-day, Sir.

Mr. K. Ahmed: Shall we be in a position to go into the details of the answer on its circulation? If the answer is given now we might get an opportunity of doing that here.

The Honourable Sir Basil Blackett: If the Honourable Member wants a copy of the answer to the question I will give it to him now.

Mr. K. Ahmed: Will the Honourable Member kindly read it, so that the benefit of the country might be served?

The Honourable Sir Basil Blackett: I do not see how the answering of it will be particularly beneficial to the country.

Mr. K. Ahmed: Is it not a fact, Sir, that so much loss is incurred and the Government do not propose to go into the matter?

Mr. President: Dr. Lohokare.

(Mr. K. Ahmed again rose in his place.)

Honourable Members: Order, order.

(The answer to questions Nos. 1263 and 1264 are printed immediately below.)

The Honourable Sir Basil Blackett: The Government recently received a petition making certain vague general allegations against certain persons not named. This has been sent to the Commissioner of Income-tax, Bengal, for disposal. They have also received a copy of a petition addressed to the Government of Bengal alleging that certain persons had committed certain offences under the Indian Penal Code, and praying for

sanction to launch a prosecution. They understand that the petitioner's Counsel was told that if he was in the possession of any evidence that would justify the grant of the sanction prayed for he should produce it before the Commissioner of Income-tax, Bengal; and that though this order was passed some months ago he has not complied with it. Where a criminal court cannot take cognizance of a complaint presented to it without the sanction of the Government of India or a Local Government, such sanction can obviously not be granted unless the complainant shows definite and *prima facie* valid ground for granting it.

The Government have also recently received a petition stating that a certain person was making use of his pretended influence with high officials to blackmail members of the Calcutta public in connection with income-tax matters. No allegation has been made against any Member of the Income-tax Department in Bengal by name. If any such definite allegation had been made, the officer concerned would probably have been directed to clear his character in a court of law. The Government are not prepared to order that an open inquiry should be held as suggested.

REDUCTION OF THE NUMBER OF INDIAN OFFICERS EMPLOYED IN THE
INDIAN ARMY SERVICE CORPS.

1265. *Dr. K. G. Lohokare: Will Government be pleased to say:

- (a) what is the number of permanent and temporary appointments in the Indian Army Service Corps held by Viceroy's Commissioned Officers, Indian N. C. Os. and British Warrant and N. C. Os. in the following branches—(1) supply, (2) animal transport, (3) mechanical transport?
- (b) if there are any proposals under consideration to reduce the number of appointments held by Indian officers and to increase those held by British Warrant and N. C. Os. in any of the above branches?
- (c) if so, what is the number of Indian officers to be so reduced and the number of British to be increased?
- (d) what considerations led Government to contemplate this change?
- (e) how would the Indian officers to be reduced be provided for in the future?

Mr. F. Burdon: (a) A statement giving the information desired by the Honourable Member is laid on the table.

(b), (c), (d) and (e). 70 appointments for Indian officers holding the Viceroy's Commission were created since the war in the Supply Branch. This measure has not proved altogether a success, there has been a dearth of candidates, and up till now it has been possible to fill no more than 40 of the appointments by Indian officers. The remaining 30 posts are vacant. The matter has accordingly been re-examined by the Government of India. But the result is not likely to be that apprehended by the Honourable Member. It is proposed if possible to devise measures which will ensure a supply of competent Indian candidates. In the meantime the appointments for which Indian officer candidates are not forthcoming may be filled temporarily by British warrant officers and non-commissioned officers until such time as Indian officers are available. There is no present intention of reducing the number of Indian officers already employed in this Branch.

Statement giving the information desired in part (a) of starred question No. 1965.

(a) The permanent appointments are :

	Br. War- rant Os. & N. C. Os.	Viceroy's commissioned officers.	Indian N. C. Os.
(1) Supply	387	70	...
(2) Animal Transport	88	184	1,244
(3) M. T.	400†	84	281

The temporary appointments are :

(1) I. A. S. C. Arrears Section (a temporary formation to dispose of claims for pay, pen- sions and medals arising out of the Great War)	3
(2) Animal Transport
(3) M. T.	11	2	10

Dr. K. G. Lohokare: In the case of these vacancies do Government propose to take up the recruitment of educated Indians by direct recruitment?

Mr. E. Burdon: Government have not yet settled the details of the terms and conditions on which future recruitment will be carried out. The matter is at the moment under consideration.

Dr. K. G. Lohokare: Will this be considered then?

Mr. E. Burdon: Certainly it will.

Khan Bahadur W. M. Hussanally: May I ask, Sir, what is the signifi-
cation of the letters "N. C. O"? Do they mean non-co-operators?
(Laughter.)

INDIAN, ANGLO-INDIAN AND BRITISH OFFICERS WITH HONORARY
KING'S COMMISSIONS ON THE EFFECTIVE AND NON-EFFECTIVE
LISTS OF THE INDIAN ARMY OR ITS DEPARTMENTS.

1266. ***Dr. K. G. Lohokare:** Will Government be pleased to state :

- (a) what is the highest position Indian, Anglo-Indian and British officers with honorary King's commissions can rise to in (1) regular effective and non-effective, (2) medical, (3) Army Service Corps?
- (b) if there is any percentage or number fixed for the Indian and Anglo-Indian and British officers in each honorary commis-
sion rank? If so, what is the number and percentage to the
strength of each in the case of Indian and British officers?
- (c) if it is a fact that many British officers holding honorary com-
missions can rise to be Majors or Lieutenant-Colonels in the
above branches, while Indians hold but few such commissions
if any?

Mr. E. Burdon: (a) and (c). There is no British or Anglo-Indian officer holding an honorary King's Commission on the effective list of the Indian Army or its departments. On the non-effective list there is no British

† At present R. A. S. C.

officer, but there are between 60 and 70 Ruling Princes and Indian Nobles and one Anglo-Indian gentleman, holding honorary King's Commissions in various ranks from Lieutenant-General to 2nd-Lieutenant. Their names and ranks will be found on pages 58 and 59 of the January, 1926, Supplement to the Indian Army List. Regular Indian officers on the effective and retired lists are granted honorary King's Commissions as Captains and Lieutenants only.

(b) The answer is in the negative.

INDIAN, ANGLO-INDIAN AND BRITISH OFFICERS WITH HONORARY KING'S COMMISSIONS ON THE EFFECTIVE AND NON-EFFECTIVE LISTS OF THE INDIAN ARMY OR ITS DEPARTMENTS.

1267. ***Dr. K. G. Lohokare:** Will Government be pleased to give information as per the following table—as available preferably for January, 1926?

Branch.	LIEUTENANTS, HONORARY.		CAPTAINS, HONORARY.		MAJORS, HONORARY.		LIEUT.- COLONELS, HONORARY.		TOTAL.	
	Indian.	British and Anglo- Indian.	Indian.	British and Anglo- Indian.	Indian.	British and Anglo- Indian.	Indian.	British and Anglo- Indian.	Indian.	British and Anglo- Indian.
Army Service Corps .										
Medical Department .										
Regular effective and non-effective.										

Mr. E. Burdon: I have already stated in answer to the previous question that there is no British or Anglo-Indian officer holding an honorary King's Commission on the effective list, and one Anglo-Indian only on the non-effective list. The information cannot therefore usefully be given in the form asked for by the Honourable Member. As regards Indians, I would refer him to page 60 of the Supplement to the Indian Army List, January, 1926, which gives particulars of Indians on the effective list holding honorary King's Commissions, and to pages 61—70, which gives particulars of those on the retired list.

Dr. K. G. Lohokare: That means that Indians holding honorary Commissions have no chance of getting further lifts?

Mr. E. Burdon: I have already told the Honourable Member in reply to one of his questions that there are Indian gentlemen holding honorary Commissions in the rank of Lieutenant-General.

Dr. K. G. Lohokare: Only one.

SUMMONING OF EXPERT WITNESSES BEFORE THE SELECT COMMITTEE ON THE INSURANCE BILL.

1268. ***Dr. K. G. Lohokare**: Will Government be pleased to say if they have under consideration any proposal:

- (a) to add to the Select Committee on the Bill to regulate Insurance business in India—members expert in Insurance business co-opted or temporarily nominated?
- (b) to call before the Select Committee expert witnesses representing Indian Insurance business?

The Honourable Sir Charles Innes: It will be for the Select Committee to decide whether they wish to examine expert witnesses. They cannot of course be members of the Committee.

PUBLICATION OF CONTRACTS RELATING TO THE REQUIREMENTS OF THE ARMY DEPARTMENT.

1269. ***Dr. K. G. Lohokare**: Will Government be pleased to say if particulars of future contracts to be placed by the Director of Contracts, Military Supply, are published in the *Indian Trade Journal* or any other widely known paper? If not, what are the reasons? Are there any particular reasons for avoiding wide publicity to the usual requirements of supply of the Army Department?

Mr. E. Burdon: The answer to the first part of the question is in the negative. For further particulars I would refer the Honourable Member to the reply given on the 22nd September, 1924, to starred question No. 2310.

Dr. K. G. Lohokare: But what are the reasons for not publishing them, may I know, Sir?

Mr. E. Burdon: They are given in the answer to which I have referred the Honourable Member.

Dr. K. G. Lohokare: All the reasons?

Mr. E. Burdon: Yes.

DIMENSIONS OF THE BALL ROOM IN THE NEW GOVERNMENT HOUSE, RAISINA.

1270. ***Mr. W. S. J. Willson**: (a) Is it a fact that the Ball Room in the new Government House, Raisina, is only about 60 feet in length?

(b) What is its floor space compared with the Ball Room at Delhi?

(c) Do Government propose to extend the Ball Room at Raisina now at both ends before the structure proceeds further according to present designs?

The Honourable Sir Bhupendra Nath Mitra: (a) The Ball Room is 66 feet long and 62 feet wide and the dancing space measures 4,000 square feet.

(b) The Ball Room in Viceregal Lodge at Delhi measures 136' x 50' overall giving a total area of 6,800 square feet, but from this must be deducted the area occupied on the floor by the dais which measure 1,550 square feet and the Band occupies an area 170 square feet, so that the

effective dancing area is 5,000 square feet. In order to compare this with the new Ball Room the fact must be borne in mind that there are arcades at each end of the Ball Room having a space of 1,776 square feet making the total area 5,866 square feet. There is also an ante room connected with the Ball Room by arches which allows another 780 square feet of dancing space and a neighbouring small drawing room measuring 1,444 square feet where the Band will also be heard.

(c) Structural alterations are now impossible.

Mr. N. M. Joshi: May I ask, Sir, whether the Government propose to hold a conference of the old and experienced dancing Members of this House as to the structure of the dancing hall?

Maulvi Muhammad Yakub: May I know, Sir, if the Government propose to construct a Ball Room attached to the new Assembly Chamber, at Raisina, for the use of Members only?

ALLEGED LOSS ON THE PURCHASE OF COAL FOR STATE RAILWAYS.

1271. ***Sir Hari Singh Gour:** (a) Has the attention of Government been drawn to the statement contained in the *Servant*, dated Monday, the 22nd February, 1926, in which it is alleged that the Government have lost more than Rs. 15 lakhs from the Public Exchequer on account of its purchase of coal at prices higher than those of other tenders?

(b) Is it a fact that Teetulmari and Mudidih coals have been bought at Rs. 5 while similar coal which was offered at Rs. 4 and Rs. 4-4-0 have not been accepted?

(c) Is it a fact that Jambad and Faridpur coals have been bought at Rs. 4-11-0 and Rs. 5 while similar coals were offered at Rs. 4?

(d) Is it a fact that Kusunda and Nyadee coals were purchased in large quantities at Rs. 8-12-0 against other offers at Rs. 8?

(e) Will the Government be pleased to publish a full list of tenders received and the prices at which the coals were offered?

ALLEGED LOSS OF THE PURCHASE OF COAL FOR STATE RAILWAYS.

1272. ***Sir Hari Singh Gour:** (a) Is it a fact that the Government did not accept the lowest tenders? If so, why?

(b) Is it a fact that the Chief Mining Engineer is a new man to the work?

(c) Do Government propose to make a full inquiry into the allegations of loss of public revenue by non-acceptance of the lowest tenders?

The Honourable Sir Charles Innes: I propose with your permission, Sir, to reply to questions Nos. 1271 and 1272 together.

The Government of India have seen the article referred to, but they attach no importance to the statements made in it. It is obvious that they were inspired by disappointed tenderers. As the Indian Coal Committee pointed out Jharria coals vary remarkably in quality. Not only do the majority of the seams vary in quality in different parts of the Jharria Field, but there is frequently a large variation in quality of the different sections of a seam in the same mine. The same remark, but in lesser

degree, applies to coals in the Ranigunj field. It is no argument to say, therefore, that because the coal of such and such a mine was bought at such and such a price it would have been cheaper to buy the coal of another mine at a lower price. The Chief Mining Engineer, who advises the Railway Board in the matter of purchasing of coal for State Railways, and who is not a new man to the work, maintains a very complete record of the analyses of Indian coals, and the Railway Board are satisfied that his proposals were based solely on considerations of price, quality, loading arrangements and management generally and were the result of a census of informed knowledge. The Railway Board have published all the information about the tenders which it is usual for them to publish and the Government of India are not prepared to make any inquiry into the allegations in this connection.

THE CIVIL DEPARTMENT'S SHARE OF THE SALE OF UNIFIED STAMPS.

1273. ***Mr. Devaki Prasad Sinha:** (a) Is it a fact that the Civil Department's share of the sale of unified stamps for 1923-24 was estimated at Rs. 19,01,000 and that estimated for 1924-25 was Rs. 47,89,000?

(b) Will the Government please explain the cause of this heavy increase? Will they be pleased to lay on the table a statement showing the amount claimed by each Local Government? What were the data on the basis of which the Civil Department's share was ascertained?

The Honourable Sir Basil Blckett: (a) The answer is in the affirmative.

(b) The increase is due to the revision of the assignments to the Local Governments which had been fixed in 1906. A statement showing the amount claimed by each Local Government is placed on the table.

The revised assignments have been fixed both with reference to the growth of revenue since 1906 and with reference to the increases in the rates of duty made in October 1923. The calculations were chiefly based on an analysis of the figures of revenue from general stamps.

Statement.

(Figures in thousands of rupees.)

Province.	Revised assignment claimed on account of growth of revenue since 1906.	Assignment on account of last year's increase.	REMARKS.
Madras	7,40	1,48	Additional sum on account of Promissory notes.
Bombay	7,80	56	
Bengal	1,000	2,00	All these Governments left it to the Government of India to determine the figures in column (3).
United Provinces	1,35	20	
Punjab	3,75	?	
Burma	3,75	?	
Bihar and Orissa	1,00	?	
Central Provinces	1,40	?	
Assam	85	?	
Coorg	?	?	

POST OFFICE SHARE OF THE SALE OF POSTAGE STAMPS.

1274. *Mr. Devaki Prasad Sinha: Did the Post Office share of the sale of postage stamps amount to Rs. 5,37,26,010 in 1924-25, which gives a ratio of 1 : 11·3?

The Honourable Sir Basil Blackett: The reply is in the affirmative.

PRINTING OF SEPARATE RECEIPT STAMPS.

1275. *Mr. Devaki Prasad Sinha: Do Government propose to print separate receipt stamps to enable a correct apportionment of revenue?

The Honourable Sir Basil Blackett: The Government have no present intention of doing so.

INCREASE IN THE PENSIONARY CHARGES OF THE POSTS AND TELEGRAPH DEPARTMENTS.

1276. *Mr. Devaki Prasad Sinha: From page 11 of the Detailed Budget statement for the year 1926-27 of the Posts and Telegraphs Department, the pensionary charges for 1924-25 is found to have been Rs. 33,60,683 and in 1925-26, Rs. 50,19,000. Will the Government be pleased to state the reason for this large increase and how the amount of pension paid is calculated?

The Honourable Sir Bhupendra Nath Mitra: As a result of the commercialisation of the accounts of the Postal and Telegraph Department with effect from the 1st April, 1925, it has been decided that provision should be made in the Budget of that department for pensionary liabilities of the existing staff instead of for the actual pension payments during any one year. This is in accordance with the principles of commercialisation of accounts. In this connexion the attention of the Honourable Member is invited to paragraph 5 of the speech of the Honourable the Finance Member introducing the Budget of 1925-26.

The assessment of the pensionary liabilities of the Department involves actuarial calculations of considerable complexity and magnitude and is likely to take some time. In the meantime provision has been made on the basis of a rough estimate.

DISCONTINUANCE OF THE CREDIT FOR A SHARE OF THE MARINE SUBSIDY TO THE POST OFFICE ACCOUNT.

1277. *Mr. Devaki Prasad Sinha: (a) Is it a fact that a credit for a share of the marine subsidy used to be given to the Post Office account and that in 1923-24, it amounted to Rs. 4,48,729?

(b) Will the Government please state whether this credit has since been discontinued? If so, why?

The Honourable Sir Bhupendra Nath Mitra: (a) A *pro forma* credit as stated was taken up to the year 1922-23.

(b) This credit was discontinued as it was found on examination that the expenditure was no more than was required for the proper maintenance of the postal service.

DISCONTINUANCE OF THE CREDIT ALLOWED TO THE POST OFFICE FOR
FREE SERVICES RENDERED TO THE INDIAN STATES.

1278. ***Mr. Devaki Prasad Sinha:** Is it a fact that the value of free services rendered by the Post Office to the Indian States used to be credited to the Post Office up to year 1923-24 and that in the year 1923-24, the amount so credited was Rs. 9,19,165? Will the Government please state whether there has been a discontinuance of any credit under this head after 1923-24, and if so, why?

The Honourable Sir Bhupendra Nath Mitra: I would invite the Honourable Member's attention to the relevant portion of my speech in this House on the 10th March last in connection with a motion by the Honourable Mr. Rama Aiyangar in which similar information was asked for *inter alia*.

PAY OF CERTAIN CLASSES OF POSTAL OFFICIALS.

1279. ***Mr. Devaki Prasad Sinha:** Will the Government be pleased to furnish a statement showing the average pay of the following classes of officials in the Posts and Telegraphs Department on the 31st March of 1901, 1909, 1914, and 1925:

- (a) Head Postmasters,
- (b) Inspectors of Post Offices,
- (c) Inspector of Railway Mail Service,
- (d) Post Office Clerk,
- (e) Railway Mail Service Sorter,
- (f) Mail Guard,
- (g) Mail and Cash Overseer,
- (h) Departmental Branch Postmasters,
- (i) Extra Departmental Branch Postmasters,
- (j) Postmen,
- (k) Packers and Van Peons,
- (l) Runners,
- (m) Deputy Superintendents of Telegraphs,
- (n) Telegraph Masters,
- (o) Telegraphists in general scale,
- (p) Telegraphists in station and local scale?

Mr. H. A. Sams: The preparation of the statement asked for by the Honourable Member would involve an amount of time and labour which would not be commensurate with the results achieved.

TELEGRAPH REVENUE DERIVED FROM TELEGRAMS.

1280. ***Mr. Devaki Prasad Sinha:** Is it a fact that with effect from the 1st April, 1925, an account has been directed to be maintained of the telegraph revenue derived from telegrams, separately showing, (i) cost paid by stamps affixed to telegrams, and (ii) cost of telegrams collected in cash both by Combined Offices and Departmental Telegraph Offices? If the reply be in the affirmative, will the Government be pleased to state, (a) the total telegraph revenue derived up to the 31st January, 1926, (b) the revenue collected by Combined Offices, (c) the revenue derived through departmental offices, (d) the revenue derived from stamps affixed to telegrams, (e) and revenue collected in cash?

Mr. H. A. Sams: Inquiries are being made, and any information available will be supplied to the Honourable Member.

RECOMMENDATIONS OF THE RYAN COMMITTEE.

1281. ***Mr. Devaki Prasad Sinha:** Will the Government be pleased to state if they have arrived at a decision on the recommendations of the Ryan Committee and will they be pleased to place on the table a copy of their orders containing this decision?

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member is referred to the reply given by me in this House on the 28th January 1926 to Mr. K. Rama Aiyangar's starred question No. 850.

GRIEVANCES OF POSTAL EMPLOYEES.]

1282. ***Mr. Devaki Prasad Sinha:** Has the attention of Government been drawn to an article in the *Forward* (Calcutta), dated 25th February, 1926, regarding the grievances of postal employees? If so, will Government be pleased to state what steps they propose to take for removing the grievances mentioned in that letter?

The Honourable Sir Bhupendra Nath Mitra: Yes. Government do not see any justification for revising the decision arrived at, with reference to a recommendation of the Postal Committee of 1920, in respect of the initial pay on time-scale rates, of Inspectors of Post Offices and Superintendents' Head Clerks.

THE PURNEA FEEDER RAILWAYS.

1283. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the method of the survey made for the Purnea Feeder Railways and the reasons why the matter has been dropped?

THE PURNEA FEEDER RAILWAYS.

1284. ***Kumar Ganganand Sinha:** Will the Government be pleased to state whether they propose to take up the work of the construction of the Purnea Feeder Railways or not and if so, when, and if not, why?

THE PURNEA FEEDER RAILWAYS.

1285. ***Kumar Ganganand Sinha:** Will the Government be pleased to lay on the table the findings revealed by the survey of the Purnea Feeder Railways?

The Honourable Sir Charles Innes: I shall answer questions Nos. 1283, 1284 and 1285, together.

The Purnea Feeder Railways Project is not among those recommended by the Government of Bihar and Orissa, but at the request of the Local Government a traffic reconnaissance of the district west of the Katihar Jogbani Branch was carried out by the Agent, Eastern Bengal Railway, in 1925. The result of this reconnaissance showed that the construction of branches in this area would not prove remunerative and the Local Government was informed accordingly.

As the Railway is not likely to prove a remunerative proposition, Government do not at present propose to take any further action in regard to its construction.

A statement giving the information desired is laid on the table.

Statement showing the findings revealed by the traffic reconnaissance of the Purnea Feeder Railways.

The places worth connecting would be Purnea with Dhamdaha and Purnea with Burhia Dhanghatta (Sarsi) in Purnea Sub-division. The obstacle will be the Dhamdaha Kosi. At present it is about 60 ft. between the banks and during the rains it becomes torrential. A bridge will be very expensive. Moreover the vagaries of the Kosi are well known. A few years might see it suddenly getting active in one of its older western courses.

A line to Sarsi and thence to opposite Dhamdaha on the east bank of the Dhamdaha Kosi would appear to be the most suitable connection to start with. At a later date should the Dhamdaha Kosi dry up, the line could be extended to Barhara.

In the Arariya Sub-division a connection between Raniganj and Arariya and thence on to Arariya Court appear to be the only possible alignment.

The total earnings for each line are estimated as follows :

		Rs.
(a) Purnea Dhamdaha	23.00 miles	1,31,344
(b) Purnea Burhia Dhanghatta	16.0 "	82,870
(c) Arariya Raniganj	15.00 "	45,763

Taking 60 per cent. as working expenses, the surplus left will be :

Rs.
(a) 52,587
(b) 33,148
(c) 18,805

Capitalising this on a 6 per cent. basis it becomes :

Rs.	or	Rs.
(a) 8,75,816	or	38,000 per mile.
(b) 5,52,466	or	34,500 "
(c) 3,05,000	or	20,000 "

It is suggested that the Purnea Burhia Dhanghatta line be taken up first and later on extended to Dhamdaha or a Branch line built to Dhamdaha from a suitable place like Banbhag.

The cost of a direct line to Dhamdaha would be prohibitive it will involve bridging the Kosi.

It is not recommended that any line should be built in Arariya Sub-division as it will not be remunerative under existing conditions.

It will be observed that the highest justifiable cost per mile would average Rs. 38,000 per mile and it would seem impossible to build such a line except on the Stronach-Dutton system of haulage by a steam tractor the gauge being 2 feet only.

THE BAUSI-SAINTHIA RAILWAY.

1286. *Kumar Ganganand Sinha: Will the Government be pleased to state when the Bausi-Sainthia line will be opened and whether the Railway Board propose to extend the line to those parts of the Santhal Pragannas that have not yet been opened?

The Honourable Sir Charles Innes: The Honourable Member is referred to the answer given to question No. 989 in the Legislative Assembly on the 26th February, 1926.

UNSTARRED QUESTIONS AND ANSWERS.

CONNECTION OF MEMBERS OF THE COMMITTEE OF INQUIRY APPOINTED TO INVESTIGATE INTO THE AFFAIRS OF THE ARMY CANTEEN BOARD, INDIA, WITH THE BOARD OF MANAGEMENT OF THAT BODY.

219. **Khan Bahadur W. M. Hussanally:** Is it a fact that the members of the Inquiry Committee appointed to investigate into and report upon the affairs of the Army Canteen Board are members of the Board of Management of the Army Canteen Board, namely, that Sir William Currie and the Honourable Mr. Phiroze Sethna are members of the Board of Management and Mr. Cocke belongs to the auditing firms?

Mr. E. Burdon: No, Sir. None of the three gentlemen mentioned is a member of the Board of Management. The precise nature of their connexion with the Army Canteen Board could have been ascertained by the Honourable Member from papers which have previously been supplied to the House.

REPORT OF THE COMMITTEE OF INQUIRY APPOINTED TO INVESTIGATE INTO THE AFFAIRS OF THE ARMY CANTEEN BOARD (INDIA).

220. **Khan Bahadur W. M. Hussanally:** Will the Government be pleased to state if the report of the Inquiry Committee has been received and if so will the Government be pleased to lay the same on the table?

Mr. E. Burdon: I informed the House some little time ago that the Report had been received. It is under examination and will not be laid upon the table at present.

APPOINTMENT OF AN EXPERT COMMITTEE TO INVESTIGATE INTO THE AFFAIRS OF THE ARMY CANTEEN BOARD (INDIA).

221. **Khan Bahadur W. M. Hussanally:** Will the Government be pleased to state why the expert Committee promised by Mr. Burdon, while replying to questions Nos. 685/7 on the 3rd September, 1925, to investigate into the condition, method of working and the financial position of the Army Canteen Board has not yet been appointed?

Mr. E. Burdon: The suggestion contained in the reply which my Honourable friend has quoted was that the preliminary inquiry would first be completed. But the preliminary inquiry has been so thorough itself that I doubt if any further inquiry will be necessary.

NATURE OF THE INQUIRIES MADE BY THE COMMITTEE APPOINTED TO INVESTIGATE INTO THE AFFAIRS OF THE ARMY CANTEEN BOARD (INDIA).

222. **Khan Bahadur W. M. Hussanally:** Will the Government be pleased to state if the members of the Inquiry Committee have based their report on information derived from direct inquiries from the soldiers, and the Officers Commanding of the units served by the Army Canteen Board? Have the members made local inquiries by personally visiting the places run by the Board?

Mr. E. Burdon: I believe that the Committee have had at their disposal the fullest and most authentic information they could require.

APPOINTMENT OF EXPERIENCED INDIAN TRADERS AND BUSINESS MEN AS MEMBERS OF THE EXPERT INVESTIGATION COMMITTEE (ARMY CANTEEN BOARD).

223. **Khan Bahadur W. M. Hussanally:** Will the Government be pleased to state if it is intended to appoint experienced Indian traders and business men as non-official members of the Expert Investigation Committee? If not, why not?

Mr. E. Burdon: The Honourable gentleman is referred to the reply which I have just given to his question No. 221.

REPORTS RE THE SERVICE AND QUALITY OF GOODS AND BEER SERVED BY THE ARMY CANTEEN BOARD.

224. **Khan Bahadur W. M. Hussanally:** Will the Government be pleased to lay on the table all reports which the Army Headquarters have received from the regiments regarding the service and quality of goods and beer served by the Army Canteen Board?

Mr. E. Burdon: No, Sir.

SUPPLY OF INFERIOR BEER TO THE TROOPS BY THE ARMY CANTEEN BOARD (INDIA).

225. **Khan Bahadur W. M. Hussanally:** Is it a fact that the Army Canteen Board is supplying beer to the troops which is not liked by them?

Mr. E. Burdon: I would invite the attention of the Honourable Member to the reply which I have given to-day to starred question No. 1240.

REPORTS RECEIVED BY ARMY HEADQUARTERS REGARDING WATERED BEER IN THE AREA OPERATED BY THE ARMY CANTEEN BOARD (INDIA).

226. **Khan Bahadur W. M. Hussanally:** Will the Government be pleased lay on the table all reports received by the Army Headquarters, regarding watered beer in the area operated by the Army Canteen Board?

Mr. E. Burdon: No, Sir.

SUPPLY BY THE ARMY CANTEEN BOARD (INDIA) OF GROCERY AND OILMAN STORES TO THE INDIAN ARMY SERVICE CORPS.

227. **Khan Bahadur W. M. Hussanally:** Is it a fact that the Supply and Transport places all its orders for grocery and oilman stores with the Army Canteen Board (India) in the area operated by them without inviting tenders from other firms? If so, why has such a monopoly been allowed?

Mr. E. Burdon: Only those articles of Indian Army Service Corps supply which are authorised to be purchased locally (with the exception of those for which a contract exists or which are normally provided by the contract system) are obtained by the Indian Army Service Corps from the Army Canteen Board, India, at the local retail prices according to the Board's monthly price list, less 5 per cent. rebate.

The reasons for obtaining such supplies from the Army Canteen Board, India, are:

- (i) The articles are purchased on "as required" scale, the demands being very small; and
- (ii) All articles stocked by the Board are fresh and subject to analysis by the Military Food Laboratory, Kasauli.

SALE BY THE SUPPLY AND TRANSPORT OF MINERAL WATER PLANT AND BOTTLES TO THE ARMY CANTEEN BOARD (INDIA).

228. **Khan Bahadur W. M. Hussanally:** Is it a fact that the Supply and Transport sold mineral water plant and bottles to the Army Canteen Board? If so, will the Government be pleased to give full details of the machines and bottles sold and the rates charged and also if the total value of such machines and bottles has been paid by the Army Canteen Board, and when?

Mr. E. Burdon: The answer to the first part of the question is in the negative. The second part does not arise.

SUPPLY TO THE ARMY CANTEEN BOARD (INDIA) OF ALL REPORTS OF THE MILITARY FOOD LABORATORY AT KASAUJI ON SAMPLES RECEIVED FROM THE REGIMENTS SERVED BY THE CONTRACTORS.

229. **Khan Bahadur W. M. Hussanally:** Is it a fact that the Military Food Laboratory at Kasauli sends to the Army Canteen Board copies of all reports on samples received from the regiments served by the contractors?

Mr. E. Burdon: No, Sir.

REPORTS FROM OFFICERS COMMANDING REGIMENTS SERVED BY THE ARMY CANTEEN BOARD (INDIA).

230. **Khan Bahadur W. M. Hussanally:** With reference to question No. 811 replied to by Mr. E. Burdon on 23rd July, 1923, will the Government be pleased to state the reasons why they think that there is no occasion for calling for reports from the Officers Commanding?

Mr. E. Burdon: The reason operative at the time was stated in the reply itself. As regards the present position I would refer my Honourable friend to the reply I have given to-day to starred question No. 1249, part (b).

REPRESENTATION OF MUSLIMS IN THE POSTAL DEPARTMENT OF THE DELHI PROVINCE.

231. **Haji Wajhuddin:** (a) Will the Government please lay on the table a statement showing the number of Muslims who have been recruited to the Postal Department of the Delhi Province since a Circular was issued about two years ago by the Postmaster General, Punjab, to the effect that the recruitment of non-Muslims who preponderate in the Postal Department of the Punjab and the Delhi Province should be stopped until the Muslims had gained their due representation in the said Department?

(b) Is it a fact that the instructions contained in the Postmaster General's Circular have not been carried out during the last two years, and if so, what steps, if any, do Government now propose to take to safeguard the due interests of Muslims?

Mr. H. A. Sams: (a) Since the issue of the Postmaster General's instructions in October, 1923, the Delhi head office has had 20 vacancies, of which 10 have been filled by Muhammadan candidates.

(b) The reply to the first part is in the negative. The remaining part of the question, therefore, does not arise.

ELECTION OF THE PANEL FOR THE ADVISORY COUNCIL FOR RAILWAYS.

Mr. President: The Assembly will now proceed to elect a panel consisting of eight members from which six shall be selected to serve on the Advisory Council for Railways. There are 21 candidates whose names are printed on the ballot papers which will be supplied to Honourable Members in the order in which I call them. I may mention, however, that Maulvi Muhammad Yakub has withdrawn his candidature. Mr. B. Das has also withdrawn his candidature.

(The ballot was then taken.)

ELECTION OF A PANEL FOR THE STANDING COMMITTEE ON EMIGRATION.

Mr. J. W. Bhore (Secretary, Department of Education, Health and Lands): Sir, I beg to move:

"That this Assembly do proceed to elect in the manner described in the Department of Education, Health and Lands Notification No. 114, dated the 7th February, 1924, a panel of 16 members from which the members of the Standing Committee to advise on questions relating to emigration in the Department of Education, Health and Lands, will be nominated."

(The motion was about to be declared as carried.)

Mr. N. M. Joshi (Nominated? Labour Interests): Sir, I wanted to make a few remarks on this. (*Cries of "Too late"*.) I got up, Sir, at the proper time and I ask you to give me a chance.

Mr. President: The Honourable Member knows that these motions are really treated as formal motions. If he desires, however, to make any observations the Chair has no objection. The practice has been to regard these motions as merely formal motions.

Mr. N. M. Joshi: I thank you very much, Sir. The remark which I wanted to make on this motion was this, that if the Government appoint Standing Committees for the Department of Emigration and consult that committee, it is necessary that Government should publish a report of the work of that committee. During the year many references were made in the speeches of responsible authorities to the consultations with this Committee, especially on South African matters. I feel, Sir, it is due to this House, if the Government want to appoint a Committee, that they should publish a report of its work; otherwise references to the attitude of the Standing Committee in public speeches are unwarranted, unfair and unjust. I therefore feel that if Government promise to publish a report of the work of this Committee, then only can I support this motion, not otherwise.

Mr. J. W. Bhore: On a point of order, Sir: is the Honourable Member entitled to discuss the matter after the motion is carried?

Mr. President: Order, order. The Honourable Member from Bombay desired to speak and the Chair allowed him. Therefore, it must be taken that the motion was not put. Does the Honourable Member wish to make a reply?

Mr. J. W. Bhore: No, Sir; I do not wish to say anything.

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): I want to ask a question, Sir. I find from the paper that the motion is to elect 16 members from which the members of the Standing Committee to advise on questions relating to Emigration in the Department of Education, Health and Lands, should be nominated. Why should there be 16 members, and why should there be a further selection from these 16 members? Why are so many members required?

Mr. J. W. Bhore: The Honourable Member is no doubt perfectly aware of the practice of this House in regard to the election of all such Committees. The practice is for the House to elect a panel and for the Department to proceed to nominate members from that panel, and it is proposed to follow the usual practice in this case also.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Sir, I join with Mr. Joshi in saying that the activities of these Standing Committees have not hitherto been known either to the electorates or even to the elected Members of this Assembly. What these so-called elected Members do in the dark night in connection with these Standing Committees, Heaven knows best. From the silence of the Honourable Mr. Bhore when Mr. Joshi put his query, it shows, Sir, that the Department evidently want to do something secretly, and they say they are following the practice of the House of Commons. (*An Honourable Member*: "You are wrong.") I am told I am wrong. Am I wrong? If my friend supports the activities of the dark nights, and if he wants to be a member of that panel, I congratulate him and would ask him to join hands with those who do things which are neither just nor fair. But as far as I am concerned, I would ask the Honourable Member in charge that in fairness to our constituencies and to the Members of this House in general he should publish a report to show what these Committees are doing. If that cannot be done, then I beg to submit that the very object for which these Standing Committees are appointed,—and many other similar Committees are appointed every year,—will be frustrated, because we do not know what these Committees are doing. If nothing is made known about the activities of these Committees, then the entire object of appointing these Committees will be rendered fruitless. With these few observations, shall I be wrong, Sir, if I ask the Honourable Mr. Bhore to enlighten us as to what he is going to do in regard to publishing the reports of these Committees? Will he for the benefit of the country give publicity to the work of these members who are going to be chosen from the panel? I trust, Sir, he will be good enough to enlighten us and clear his position as to what he proposes to do in future in regard to publishing the reports of these Committees.

Mr. President: The question is:

"That this Assembly do proceed to elect in the manner described in the Department of Education, Health and Lands Notification No. 114, dated the 7th February, 1924, a panel of 16 members from which the members of the Standing Committee to advise on questions relating to emigration in the Department of Education, Health and Lands, will be nominated."

The motion was adopted.

Mr. President: I may inform the Honourable Members that, arising out of the motion which has just been carried, the office of the Assembly will be open to receive nominations up to 12 Noon on Wednesday, the 17th March, and the election, if necessary, will take place in this Chamber on a day to be notified later.

THE INDIAN TARIFF (AMENDMENT) BILL.

Mr. President: The Assembly will now resume the consideration of the Bill further to amend the Indian Tariff Act, 1894, as reported by the Select Committee, clause by clause.

Mr. Kasturbhai Lalbhai (Ahmedabad Millowners' Association: Indian Commerce): Sir, I beg to move:

"That in clause 7 of the Schedule to the Bill in the proposed item No. 51-B after the words 'silk throwing and reeling machines', the words 'cotton yarn reeling machines' be inserted."

My object in moving this small amendment is this. At present customs duty is charged at the rate of 15 per cent. on these machines, and these are the only machines which have been singled out, and as silk throwing and reeling machines have been included in this item, I hope the Honourable Member will accept my amendment to include cotton yarn reeling machines also in the clause.

The Honourable Sir Charles Innes (Commerce Member): Sir, the Government agree to the amendment proposed by my Honourable friend.

The motion was adopted.

Mr. Kasturbhai Lalbhai: Sir, I beg to move:

"That in clause 7 of the Schedule to the Bill in the proposed item No. 51-B after the words 'pickers' the words 'picking bands' be inserted."

As a matter of fact the customs duty on picking bands to-day is at the rate of $2\frac{1}{2}$ per cent., but pickers being included in the Schedule I think it desirable to add picking bands also.

The Honourable Sir Charles Innes: Government accept that amendment, Sir.

The motion was adopted.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Charles Innes: I move, Sir, that the Bill, as amended, be passed.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, while I appreciate the specific duty of Rs. 9 a ton which has been put on imported Portland cement, I wish Government could have considered the protection of the cement industry as recommended by the Tariff Board. The Tariff Board in paragraph 84 of their Report on protection of cement industry recommended as follows:

"(1) A bounty of Rs. 8 per ton should be paid on all cement consigned from an Indian factory through or *via* Calcutta, Bombay, Madras or Karachi, or to any railway station not more than 75 miles from these ports.

(2) A bounty of Rs. 4 a ton should be paid on all cement consigned from an Indian factory to any railway station not more than 75 but not more than 150 miles from any of these ports."

The Honourable Sir Charles Innes: I should like your ruling, Sir, whether at this stage the Honourable Member can raise the question of bounties to the cement industry.

Mr. B. Das: I am not raising the question of bounties, but I am making observations to show how far this amendment of the Indian Tariff Act goes to meet the very minimum demand made by the cement industry for its protection. I am discussing the tariff policy on this Bill so far as the cement industry is concerned.

"(3) No bounty should be paid to any factory on cement delivered under the contract between certain cement companies and the Bombay Development Department, or to the Sone Valley Portland Cement Company, Limited.

(4) In place of the revenue duty of 15 per cent. *ad valorem* a specific duty of Rs. 9 a ton should be imposed on imported cement and declared protective."

Government have only given effect to the recommendation in section (4), and they observe in the Statement of Objects and Reasons:

"The present duty on cement is an *ad valorem* one of 15 per cent. assessed on a tariff valuation. The price of cement has shown a tendency to fall. The Tariff valuation for 1926 has been reduced from Rs. 60 to Rs. 55 per ton thereby reducing the duty payable from Rs. 9 to Rs. 8.4 per ton. It was clear from the Report of the Tariff Board on cement that imported cement can well bear an import duty of Rs. 9 a ton and in order to stabilise the revenue it is proposed to substitute a specific duty of Rs. 9 per ton for the existing *ad valorem* duty of 15 per cent."

What I wish to put before the House is that while various recommendations have been made to the effect that the tariff policy should be one of protection, Government give effect only to those recommendations that help them in their revenue policy. I will quote the instance of the specific duty on sugar which we passed last year and which is bringing Government a very large revenue. So also, in having this specific duty of Rs. 9 per ton Government are stabilising their revenue from imported cement but not giving effect to any of those recommendations which would give adequate protection to the cement industry in India. I appreciate also the enhanced duty on printer's ink, but the question is how far the tariff policy of the Government is to give protection to Indian industries or how far it is aimed only to have a stabilised revenue for their expenditure.

I will just say a few words regarding the decrease of duty on saccharine. Government have confessed their inability to cope with the smuggling through Pondicherry. I do not mind saccharine being imported free of duty or at Rs. 5 a pound duty. Two great questions were raised on the floor of this House by my friends. Saccharine is being used in the smaller tea shops where the poor man takes his tea in Bombay, Calcutta and other towns. It affects the health of the masses. That is a very important point. Government say that smuggling is done from Pondicherry and that they cannot do anything. I want to draw the attention of the Government to this. You must have some international commercial treaty relations with the Government of Pondicherry and with the Government of Goa. You also permit certain Native States such as Jamnagar and Cutch . . .

The Honourable Sir Charles Innes: Might I rise to a point of order, Sir? I would suggest that the Honourable Member should say "Indian States".

Mr. B. Das: I beg your pardon, Sir. I take the correction. You permit such Indian States to import on their own account. Under treaty rights with foreign and allied countries, they levy their own taxes and therefore there is every chance of certain goods being smuggled through these Indian States from foreign countries. I think there are international treaties and international commercial rights by which you can ask these Governments at least to adjust their customs duty so that they will have the same tariff that is prevalent in British India. Take, for instance, iron and steel. You are putting heavy protective duties on iron and steel. Anybody can smuggle iron and steel into Pondicherry and Goa. You have not gone into the root cause of these things. You have not approached these Governments and considered how best the smuggling can be prevented, and whether they can raise or lower their duties on any particular class of goods which is largely consumed in British India. It is no use thinking that the goods that can be smuggled cannot be heavy goods such as iron and steel, and that they can be smuggled only through the main outposts such as Railways and roads. The people who smuggle know how to smuggle and they can always smuggle these things. You must put your relations with these Governments on such a friendly footing that smuggling can not go on. Instead of that, you admit your defeat before the smugglers and you reduce your duty and indirectly put to loss a few merchants. I am not interested in those merchants. But what I am interested in is that you are now going to increase the import of saccharine into India and thereby you are going to decrease your sugar revenue, and instead of the duty being a protective one on sugar, it is going to decrease your revenue from sugar and may ultimately ruin sugar manufacture in India. At the same time, you are going to ruin the health of millions and millions of people for whom of course I do not think you do care.

Sir, these are my observations and although the Bill is going to be passed, I hope Government will take into consideration these observations and try to establish good relations with those foreign territories and allied territories in the neighbourhood of British India and harmonise their tariff policy for the benefit of British India.

Captain Ajab Khan (Punjab: Nominated Non-Official): Sir, with your permission, I wish to offer a few observations about the import duty on Portland cement. I know that Portland cement imported into India even with this import duty is so cheap that the indigenous manufacturing companies of cement can never compete with the foreign manufacturer. There is a Portland cement company near my place and with their best efforts I know for certain that they cannot compete with the foreign cement which comes to Bombay and is then taken all the way up, over 1,400 miles, to my place. I hope the Commerce Member will kindly see that these local industries are protected and that a higher duty is imposed to give a chance to the locally manufactured cement to be profitably sold at the price of the imported cement. That is all I want to say, Sir.

Mr. President: The question is:

"That the Bill further to amend the Indian Tariff Act, 1894, as reported by the Select Committee and as amended, be passed."

The motion was adopted.

THE MADRAS CIVIL COURTS (SECOND AMENDMENT) BILL.

Mr. H. Tonkinson (Home Department: Nominated Official): Sir, I move that the Bill further to amend the Madras Civil Courts Act, 1878, be taken into consideration.

The Bill deals with the powers of the Madras High Court to confer upon certain classes of Judges the jurisdiction of a Judge of a Court of Small Causes for the trial of suits cognizable by such Courts. At the present time the powers which may be conferred upon a District or Subordinate Judge are limited to the amount of Rs. 500. The Bill proposes to increase that limit to Rs. 1,000. So far as the District Munsif is concerned, the present limit is Rs. 200. The Bill proposes to increase that limit to Rs. 300. The Bill follows the recommendations of the Civil Justice Committee, but in so far as the District Munsifs are concerned, the Civil Justice Committee went further and recommended a maximum limit of Rs. 500. We have adopted the limit of Rs. 300 in the Bill on the recommendation of the Madras Government. As a matter of fact, it was the recommendation made also by a Retrenchment Committee in Madras. Some changes in the authority which could give these powers were effected by the Decentralisation Act of 1914, but, apart from those changes in the authority which could give the powers, the present limits are the limits which have been in existence since 1885. It will be left, of course, under the Bill to the High Court to decide as to the extent to which they should utilise the powers which the Bill confers on them. They may, for example, only empower selected Judges, or they may decide to empower Judges of a certain number of years' standing, and so on. In some provinces powers up to the limits proposed in this Bill may already be invested on courts of corresponding status and this will be seen by any Honourable Member who refers to the statement at pages 94 and 95 of the Report of the Civil Justice Committee. The Civil Justice Committee referred in their Report to the satisfactory manner in which the present powers have been exercised in Madras and I trust the House will have no doubt that the proposal in the Bill can be safely accepted! Sir, I move.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): I do not rise to oppose the motion, but I wish to point out that in exercising the powers now proposed to be conferred by this Bill on the High Court to extend the jurisdiction of selected officers in small cause cases up to Rs. 1,000 some matters have to be kept in mind. It is true that the High Court will select only officers of experience to exercise these powers, but at the same time the method by which the quality of the work of a Subordinate Judge is often tested is by the care he bestows on regular trials rather than on trials of small causes. That often induces officers to pay less attention to small cause work and more to regular work. The Madras High Court and the Madras Government, I am perfectly sure, will take care to impress upon them the duty of exercising more care in the disposal of small cause suits. I know of a very experienced Subordinate Judge who, when a very heavy file of small causes was placed before him, used to write a number of postcards because the law does not require him to record the evidence of witnesses but only to keep a memorandum. There is no way of testing the efficiency of the work done in small cause cases. No doubt, the parties can take the cases to the High Court on points of law and law only. Therefore, there is no way of

checking the work done by the Subordinate Judges in this matter, so that great care has to be exercised. Some subordinate courts have got very heavy regular cases to try, and although they may be experienced officers in regular work such officers should not be chosen to dispose of small cause cases over Rs. 500. It is only light courts, Subordinate Judges who have less work to do on the original side, that should be chosen for this purpose. These are the observations which I wished to makê. It is a big departure we are making now. Rs. 1,000 is a large sum for an ordinary Madras man and he would like to have his suit tried carefully. It is not like rich Bombay or Calcutta where Rs. 1,000 may not count for very much, but in Madras it is a large amount and great care has to be exercised in the giving of the powers which are proposed to be given by this Bill.

Mr. President: The question is:

"That the Bill further to amend the Madras Civil Courts Act, 1873, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

Mr. H. Tonkinson: I move that the Bill be passed.

The motion was adopted.

THE INDIAN FINANCE BILL.

The Honourable Sir Basil Blackett (Finance Member): I move that the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1928, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt, be taken into consideration.

Sir, at this stage of the proceedings I do not think it is necessary for me to add any explanation of the Bill. It was fully explained in my budget speech and further opportunities will no doubt arise for me to deal with any other points that may arise hereafter. I move.

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely; Non-Muhammadan Rural): Honourable Members of the House on this side have not had an opportunity to discuss the Budget, but as has been ruled by your predecessor, there are three occasions in the course of the debates on the Budget which will give opportunities to Members to criticise and offer their views on the Budget. The first we were not able to take advantage of because of your closing the debate on the first day.

The Honourable Sir Basil Blackett: Question.

Mr. K. Rama Aiyangar: The second stage which related mainly to the question of the constitutional reforms was taken up and many Honourable Members took part in the discussion but I had no occasion then to take part

Mr. President: Does the Honourable Member suggest that he could not take advantage of the opportunity when the general discussion took place because the Chair closed the debate on the first day wrongly?

Mr. K. Rama Aiyangar: Not at all. It will be well for me to explain myself. I do not cast any reflection on your ruling, but we did think that two days were open for discussion and

Mr. President: Will the Honourable Member explain to me whether he himself was debarred from discussing the Budget because of the Chair's closing the debate earlier?

Mr. K. Rama Aiyangar: Not at all. I say that we did not intend to speak on the first day: we did intend to speak on the second day thinking that the discussion would be open for two days. The view taken by the Chair under the circumstances became more or less, I suppose, necessary, but we did think that, even though on the first day there were no speeches, the discussion would be open on the second day. That was how we construed the allotment of two days for the general discussion.

Mr. President: Does the Honourable Member suggest that the Chair should have adjourned the discussion to the second day although the Chair knew that the two principal parties had decided not to participate at all in the debate and, after a few speeches from other Members, no one else rose to speak?

Mr. K. Rama Aiyangar: That is our contention, it may be that we are not correct. The Chair is supposed to be correct in that matter and we have no voice, but certainly we thought we were entitled to have the discussion adjourned till next day

Mr. President: It is news to the Chair that the Honourable Member wanted to speak on the second day. The Chair was informed that the Honourable Member's Party had decided not to participate at all in the general discussion.

Mr. K. Rama Aiyangar: I do not think there is any point in it, Sir.

The fact of the matter is that we have lost that opportunity.
12 NOON. I only mention that as a fact. I will, therefore, take advantage of this occasion to offer a few general remarks on the whole Budget. So far as the speech of the Honourable Sir Basil Blackett is concerned, it seems to me that some general remarks are necessary and I submit them as follows:

It looks to me, Sir, that it augurs well for the country that for the first time in his Budget speech the Honourable Sir Basil Blackett has thought it fit to justify the policy he has pursued through his philosophical disquisition to attempt to satisfy his conscience. The nearer we come to the day that the materialism of the West is controlled and guided by the true spiritualism of the East, the nearer will the country be to that everlasting happiness which is the *summum bonum* of man's pursuit. But it requires deep thinking and selfless action and practice for a long series of years to

accurately grasp the Eastern philosophy in order to apply it to a given set of facts. I agree, Sir, that Eastern spiritualism is not likely to be tainted by materially solidifying the financial position and improving the economic condition of a country "by the increase of production and accumulation of wealth". But the half-truths relied upon by the Honourable Sir Basil Blackett will not suffice to justify the conclusions arrived at and to support his theory of "not making posterity pay". The Hindu philosophy enjoins continual selfless service to God through service to mankind as the preliminary qualification for attaining eternal happiness, the end of human pursuit. If, therefore, the Finance Member will only correctly follow this line of action he will certainly elevate the nature of his work and the service to the country. But if that result is to be attained conceit, anger and haste have to be avoided and equality of treatment and fear of comparative greater injury to one or greater convenience to another ought to be adopted as the guiding principle. Sir Basil wants to justify himself by pleading that reductions of debt, whatever may be the amount, relieves revenue expenditure in the shape of interest and consolidates the position to the benefit of the present generation. This line of argument cannot in any view satisfy even his own conscience. If deliberately the Budgets were framed to ensure this reduction of debt by having accrued surpluses, the present generation will have serious complaints to make and will be wronged by not being allowed to enjoy such part of the revenue as might be spent to reduce taxation or help the nation-building departments the moment it can be done. If, on the other hand, neglect of duty or absence of clear vision, as in the case of asking for the certification of the salt duty at Rs. 2½ when during the year 5½ crores of reduction in military expenditure alone was quite feasible, was the cause of the accrued surplus, even here the mind cannot find any peace. It is again argued that in two years 2.44 crores of revenue balance accrues from reduction of debt and the consequence saving of interest and that that is a provision for the present generation. This argument, when logically carried to its finish may justify the reduction in a few years of the whole debt which had accumulated through extraneous causes during a long number of years, so that the whole of the interest payment may be avoided. A reduction of 2.44 crores in interest alone though partly caused by conversions and other causes amounts to about 25 to 30 crores of extra money being taken from the people in these two years. We are besides this spending from revenue for buildings, improvements and repairs, etc., to the tune of about two crores each year to benefit posterity by reducing capital expenditure.

A calm deliberation over the rights invaded and wrongs perpetrated while trying to quench an inordinate desire to add to the credit of India as against even Great Britain cannot pacify the mind but only add sadness by, to put it mildly, at least an unintentional extra burden cast on the present generation. The Taxation Inquiry Committee has brought out the many mistakes committed in the past in the distribution of the burden of taxation. At the same time it has made suggestions which again may lead to many more mistakes resulting in iniquities. It now remains to rectify them. Accumulation of funds for future contingencies and wholesale avoidance of debts though desirable in individual budgets may prove harmful to a State with a big paying capital programme. With these words, Sir, I want to deal with some aspects of the Budget.

One important feature of this year's Budget is that unfortunately we have not had what we could ordinarily anticipate in the matter of the reduction of military expenditure. Sir, the Honourable Sir Basil Blackett,

[Mr. K. Rama Aiyangar.]

while making his speech last year, referred to a departmental committee that was appointed to go into the military expenses in the course of 1924-25. He discussed the whole matter and observed as follows:

"In spite of the large and continuous reductions which, as I have shown, we have been able to effect in army expenditure since 1920-21 and of the further appreciable reduction shown in the estimates for 1925-26, I am happy to say that, subject always to our being spared the necessity for expenditure on these active military operations which are the nightmare of every Finance Member, I confidently look forward to a further important reduction in 1926-27."

This speech was delivered, Sir, as you know, on the 28th February, 1925. His Excellency Lord Rawlinson, the then Commander-in-Chief, whose demise we deeply deplore, also made a speech and said that he did not mean to say that the military expenditure would not be further reduced. He said he would closely watch the expenditure from day to day and he practically confirmed the written speech that was delivered by the Honourable Sir Basil Blackett. Sir, this year we have also got a reference to military expenditure in the Budget speech, but there is no explanation except a statement that the revised expenditure of the current year is practically the same as the budgetted expenditure. It also adds that there is an extra expenditure of about 3 lakhs. Later on, about the next year a statement is made that it will be kept at 54.88 crores. No mention is made, however, that the retrenchment recommended by the Inchcape Committee will be continued. Sir, I am making a reference to this mainly for the following reason. If you analyse the military Budget this year, you will find that 70 lakhs of expenditure have been spared by certain payments not having been made in England. In spite of this 70 lakhs that was saved unexpectedly, we find that over 78 lakhs have been added to the expenditure, whereas the Honourable Sir Basil Blackett expected in his last year's Budget some further reductions. The same hope was held out by His Excellency the late Commander-in-Chief. I am not referring, Sir, to the saving caused by the ordinary expenditure not being made because circumstances intervened which did not permit of the expenditure of 70 lakhs being made. That was put down without expecting this as a saving, but because of certain calculations which were made of pensionary charges we got that saving. Then what do we find? Is there any retrenchment, any reduction, any economy? No, none of these things happened. All the 70 lakhs were spent and 3 lakhs more. An explanation is given in the Memorandum which has been circulated to the Honourable Members and this appears on the last pages of this Memorandum. The Military Secretary instead of giving a separate Explanatory Memorandum, as he did the last year, has added it on to the Finance Secretary's Memorandum. And what do we find? We find that these 70 lakhs were eaten up by three particular items, that is, 40 lakhs extra provision made for equipment, 15 lakhs spent for purchases of ghee at the proper time which will save some extra money, another 20 lakhs is put down "owing to the prevalence throughout the year of a range of prices generally higher than those originally adopted," and altogether these 70 lakhs are absorbed by these three heads. I want to know actually if anything was done to pursue the course of expenditure under other heads and if any reduction is possible. That is not indicated here. On the other hand the notes at page 29 say, "Actual savings are expected under Supply Depôts, Remount Depôts, Dairy Farms and Military Accounts", but we don't know. It is not indicated in the Budget either in this or next year. That being so, what

I beg to submit is that, while we all expect ordinarily some retrenchment in expenditure promised both by the Finance Member and His Excellency the late Commander-in-Chief last year, some change has come over the military authorities and I contend that the civil side of the Government of India have not taken their stand properly to oppose any such military suggestion that might increase expenditure. There ought to have been a reduction in the natural course, for during the course of the winter one cavalry regiment had also been disbanded. Whatever expenditure might have been saved by the action of that disbandment during the six months, that also ought to have been recorded in the revised Budget.

The Honourable Sir Basil Blakett: Provision was not made in the original Budget for that regiment to be here for more than six months, and it was here for more than six months.

Mr. K. Rama Aiyangar: If that is so, the ordinary course of retrenchment that ought to have been effected and was foreseen must have taken place. That has not taken place. This is now explained to us not by the Finance Member but he has satisfied himself with a mere statement that His Excellency the Commander-in-Chief has explained the whole position to this Assembly. I carefully read through the speech of His Excellency and have not at all been able to find any expression there which would explain both the statement of the Honourable Finance Member of last year and also of His Excellency the late Commander-in-Chief. Neither of these things took place. On the other hand we get a curious statement from His Excellency the Commander-in-Chief. What does he say? He tackles the report of the Retrenchment Committee in his speech and he says in his speech which I have got here:

"There is another figure to which I would like to make a reference when I mention those particular figures, and that is the figure of 50 crores, to which I find allusion made both in the papers and in speeches as the limit at which military expenditure should stand. What I would like to say in this connection is, that that figure was mentioned by Lord Incheape as a possible maximum for military expenditure, but my distinguished predecessor, the late Lord Rawlinson, after great experience as Commander-in-Chief, not only found himself unable to accept that figure—and I would like to say here how very gracefully, I think, the Finance Member referred to the efforts made by Lord Rawlinson to reduce expenditure, I can assure the Finance Member that the Army generally is grateful for the words he used regarding our late Chief, Lord Rawlinson—however, not only found himself unable to accept 50 crores as the figure to which military expenditure might hope to fall in the future, but further than that he placed on record the fact that he considered that when the revenues of India were capable of granting further aid to military estimates, that items which he reluctantly had to reduce, should be restored to the military Budget; also I think possibly all Honourable Members do not realise that Lord Incheape when mentioning 50 crores as the maximum of military expenditure definitely stated that he realised that Government could not expect to reach that figure unless there was a definite fall in prices, and no such fall has taken place. Further the Incheape Committee also stated that they did not consider that we could reduce our estimates to 50 crores unless there was a further reduction in troops and they were unable to make any such recommendation. I think therefore that we may take that recommendation about 50 crores as a pious aspiration, or to use a word which I do not quite know why, but has become popular of late, a 'gesture' towards decrease of expenditure. In saying that, Sir, I trust Honourable Members will not jump to the conclusion that I do not wish to see military expenditure reduced."

That is the speech which we have had this year from His Excellency the Commander-in-Chief. I submit it is not only not supported by the records but it also indicates the state of mind which has crept in, I do not know when, but it must have been after the speeches made by the Finance Member and the late Commander-in-Chief last year. When it must have

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originated I will dwell on later, but what I do say is, His Excellency the Commander-in-Chief's conclusions are not correct, for this reason. This is what Lord Inchcape said, after he recorded the statement of His Excellency the late Commander-in-Chief:

"We consider that it may be possible after a few years to reduce military expenditure to a sum not exceeding 50 crores, although the Commander-in-Chief does not subscribe to this opinion."

Having recorded that he gives us the Committee's opinion:

"Even this is more in our opinion than the tax-payer in India should be called upon to pay."

That is his conclusion. Not that he thought that any further reduction in troops is necessary. The Committee come definitely to the conclusion that the tax-payer in India should not be called upon to pay. Even if the revenues increased "there would still be no justification for not keeping a strict eye on the military Budget with a view to its further reduction".

I submit, Sir, the speech made by His Excellency the Commander-in-Chief goes against the grain of this Report. I should have expected after that speech was made by His Excellency that the Honourable the Finance Member would come and speak to protect the tax-payers of this country against military methods. I expected it, Sir, especially after it had been put down so definitely last year. I expected also he would refer to His Excellency's statement of fact that there have been no complications in foreign relations, and no reason to take any particular extra steps.

He made that statement definitely, so much so that the Honourable Sir Basil Blackett took objection to the Honourable Colonel Crawford's statement that the Waziristan policy was necessary. Having done that, I expected, consistently with last year's statement and the actual facts and the recommendations of the Retrenchment Committee, to which I have made a reference in connection with the Resolution that we discussed some time back, retrenchments to be made. Under those circumstances I am deeply disappointed that this new angle of vision in military expenditure should have come up, and I think it is the business of this Assembly again and again totally to oppose any such tendency to increase expenditure. As I said, in the case of the military expenditure, it is not a question of a few lakhs or a few thousands, it is a question of crores. In the case of the civil expenditure in the last four years they have not been able to add to the expenditure by more than a crore or two, but in the case of the military expenditure it is a case of crores

Colonel J. D. Crawford: How many?

Mr. K. Rama Aiyangar: 54 and odd next year. One other remark of His Excellency the Commander-in-Chief, which is very very noteworthy is this. He says there has been no fall in prices. That statement can be justified only by the military authorities or by military discipline and not by actual fact. Since 1924 the fall in prices must independently have reduced expenditure. There were two speeches made by Government Members. One is the one by the Honourable Mr. McWatters in presenting his budget in the Council of State. He said there had been a fall in prices from 178 to 163, that is by 13

The Honourable Sir Basil Blackett: The same is stated in my own Budget speech.

Mr. K. Rama Aiyangar: I know the Honourable Sir Basil Blackett referred to that, but it is more than 5 per cent. Between December, 1924, and December, 1925, there has been a fall of 26 for 188 and similarly between December, 1923, and December, 1924, there has been a fall of 13 for 176. I am basing my statement on the figures of the Government; they have been given to the Railway Finance Committee. Therefore, in all it has fallen by 13 for the first year up to December, 1924, and by another 13 for the second year up to December, 1925. Therefore, taking it to be about 10 per cent. for both years, the amount of the fall in military expenditure on account of fall in prices alone, will be about 5 odd crores, but they are now standing at 55 or 56 crores. Fall in prices alone would account for a reduction of 5½ crores, but we have got to spend next year 54·8 crores. I ask, is that statement of His Excellency the Commander-in-Chief to pass unchallenged by the Honourable Sir Basil Blackett? I ask, does he really question military expenditure on those lines, and if so, could he support its being kept next year at 56 crores?

The Honourable Sir Basil Blackett: It is not 56.

Mr. K. Rama Aiyangar: 54·8 crores next year. I will raise a further question. In the course of the whole year you had to spend, even over your revised estimate, more than 75 lakhs, as I have already explained to the House. There was a saving of 70 lakhs, but what do we find? That is eaten up by a number of things, and one of such things is a very curious phenomenon, which would probably be a great reflection upon His Excellency the late Commander-in-Chief. It is said that there was an inordinate lack of equipment which had to be replaced by a provision of over 40 lakhs this year, and it is proposed to make a provision for this of 60 lakhs next year. So munitions and other things, the absence of which, I suppose, was not noticed by His Excellency the Commander-in-Chief and not noticed by the military authorities during these two or three years, are to cost us one crore. I submit, Sir, I cannot understand that kind of budgeting for expenditure. It is certainly not what we were told last year. What has intervened I will place before the Assembly later.

Then as to the next year's Budget, that is more unsatisfactory than this year's. Honourable Members will see from page 27 of the Explanatory Memorandum that in payments to demobilised officers alone one crore is saved next year, and in respect of expenditure on Waziristan a further 20 lakhs is saved next year. There is further a statement made on the last line of page 26 of the Memorandum that there has been a saving of 87 lakhs in pensionary liabilities. That is besides the one crore referred to already for payments to demobilised officers. So that we find 1,37 lakhs cut out under two heads, payments to demobilised officers and reduction of pensionary liabilities. So practically the difference between the revised Budget and the Budget for next year is made up of these two items alone. But what about these various items, 40 lakhs for non-recurring expenditure for "equipment" and the extra estimates for higher prices, which was 20 lakhs? All these items are not taken into account. Provision is made only for making allowance for this one crore under one head and 87 lakhs under another, and all the non-recurring items have been put in the next year's Budget and we do not know how this money

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will be utilised later. How are we to find out how it is spent? Even on their own showing there must be a less expenditure of 90 lakhs under these various heads. That is not reflected in next year's Budget, not to speak of what ought to be the retrenchment owing to the fall in prices and to what was said both in the statement of the Honourable the Finance Member and of His Excellency the late Commander-in-Chief. Therefore, I submit the military expenditure has begun to go the wrong way already when we are in times of peace and when it is admitted on behalf of the military authorities that there has been no untoward event. But of course the usual thing is told us that we cannot sleep over any position, unusual complications might arise at any moment, and therefore we must be always alert. It was for being alert that the Retrenchment Committee recommended this expenditure. They refer to this particularly at page 18 of the Retrenchment Committee's Report in paragraph 13, subparagraph 3.

"The underlying principle of the present organisation appears to be that the Assembly should be in a continual state of preparedness for instant operation. We are informed that the total cost, etc."

In discussing that they do not say a word about the scheme put forward by His Excellency that they should not be ready for contingencies. On that basis they make their recommendations. I challenge His Excellency the Commander-in-Chief—who is unfortunately not here—but the Military Secretary is here, to show me any passage in the Retrenchment Committee's Report which shows that they did not take into consideration this readiness to be prepared for war in making their suggestions. In paragraph 5 they do speak of further reducing the expenditure by increasing the reserves and also by the period of enlistment with the colours being increased. They expect a further large saving; but that is quite different. We are now concerned only with the 50 crores recommended by them on the establishment charges that they refer to and on the fighting forces necessary, which, as has been said, has been completed by disbandment of cavalry. Therefore it is clear that the Retrenchment Committee has provided for that state of preparedness referred to by His Excellency the Commander-in-Chief, and that the expenditure has been growing abnormally. That, I submit, Sir, wants explanation. It is not satisfactory. The Assembly would be reposing in very false confidence if they do not fight this question, and if the civil side of the Government of India Administration do not take it up earnestly and press it as much as possible in the interests of the tax-payer. Are we in these peaceful times to go on spending 50 crores when the expenditure before the War was 29 crores 84 lakhs? I submit, Sir, there is no explanation for this anywhere. I may be right or I may be wrong—I shall be very glad to know that I am wrong—but I do suspect, Sir, that the whole thing has been caused by certain wrong interpretations being given to the speech that has been made by the present Secretary of State, Lord Birkenhead, in connection with this constitutional reform question. He uses language, Sir, which I think must have rather made the position bad here for military expenditure. He says it in connection with the question of having separate Indian units and the training of the 8 units no doubt but he uses language which on the whole seems to be rather wide of its mark. He says:

"No sane Government will allow its Army to become the toy of political parties."

Taking it in the connection in which it appears he can never have meant that that will necessitate the military going on adding to the expenditure even against the recommendations of the Retrenchment Committee. I have no doubt he meant it in connection with whether the 8 units should be all Indians or should be combined units of Indians and Englishmen. That was the only question he was considering and "the toy of political parties" of course does not at all refer to the expenditure question which stands and to which he in fact referred in the earlier portion of his speech. There he referred to the Retrenchment Committee's recommendations and the attempt being made to give full effect to them; therefore he could not have meant any such thing; and I do ask, where is the reason for the military expenditure going up? They only deduct 1.40 crores for next year. That is what it comes to according to my calculations. The rest of the items said in the Military Budget Memorandum expressly to be non-recurring are not deducted. They have been added on, there is no reduction in those items next year—not even the 15 lakhs provided for the purchase of ghee at the proper season to be available next year.

The Honourable Sir Basil Blackett: Why not? Is it not profitable to purchase early next year too?

Mr. K. Rama Aiyangar: If you have budgetted this year, the Budget will secure the 15 lakhs next year

The Honourable Sir Basil Blackett: The Honourable Member must surely see that if you bring forward a payment permanently from April to March in one year you have to provide that twice, namely, in the current year in this case, and in future years you have to provide it once. It makes no difference at all.

Mr. K. Rama Aiyangar: Yes. Then there is the 60 lakhs for a payment which is a non-recurring expenditure and every year you are going to provide this 60 lakhs. You have provided 60 lakhs next year.

The Honourable Sir Basil Blackett: It is stated that the 60 lakhs are mainly non-recurring.

Mr. K. Rama Aiyangar: It may be said to be non-recurring but 60 lakhs will be taken from us every year. It will be one crore added like that and the poor tax-payer in India will have to pay for the peculiar fancies and ideas of His Excellency the Commander-in-Chief and others. (*An Honourable Member:* "And the Finance Member".) No, I do not say the Finance Member at all. I am asking him to fight for us. He has to stand by the Retrenchment Committee's Report. He is the Government's financial expert to whom the credit for any savings must be given and his final conclusion must estop His Excellency the Commander-in-Chief and all military officers. I say if the Civil Government in India is not prepared to fight with us it will be woe to the country. As I said the other day, we may even have to go to the length of the fight between Lord Curzon and Lord Kitchener over this military question. Unless that happens India is not safe. The War is completely over, and when you have at least a 10 per cent. fall in prices you cannot allow, when 50 crores has been settled at the highest price, to keep it even at 54 or 55 crores: it must go down to 37. or 40 or 45 crores. Even if income increases, even if India's finance become better, even if there is much more money available for expenditure, more money should not be given to the military. On the other hand, further reductions should be made. Nobody can deny, Sir, that with the

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extra war machinery that you have, that has been dwelt upon by the Retrenchment Committee, the whole establishment that is now retained is too much for the purposes of this country at this time. Of course I am not an expert and the matter must be left to His Excellency, but His Excellency has accepted the recommendation made by the Retrenchment Committee that he will increase the reserves by altering the scale of pay, which is also discussed in paragraph 5 of their Report; and His Excellency has also agreed that it will be possible by increasing the period of enlistment with the colours to reduce expenditure. Have any steps been taken in that direction? (*Mr. E. Burdon*: "Yes, Sir!") I am very glad to hear that. If it is so, you must reduce the fighting services. I have not been able to trace any such reduction. On the other hand, one peculiar feature I have seen in following the figures is that between last year and this they have added 770 followers extra. 770 more men taking all their travelling expenses, pay and other things into account I have calculated—I may be wrong—come to at least 25 lakhs. That has been added to in the course of last year. The followers that were reduced in the previous year have been backed on this year. I really do not know how you can argue that in this time of peace you want those extra followers.

Mr. President: What the Honourable Member has been saying for the last thirty-five minutes would have been perfectly relevant on the general discussion of the Budget. It is not strictly relevant at this stage. However, the Chair allowed him reasonable indulgence in view of the fact that he had for certain reasons kept quiet on the general discussion of the Budget. But if he thinks he has a right to talk on any conceivable subject at any length at this stage, he is much mistaken.

Mr. K. Rama Aiyangar: I want to know the ruling of the Chair; I will explain myself. I have been under the impression that I am entitled at this stage of the discussion of the Finance Bill to take whatever time is necessary for placing all my views before the House. I do not know whether I am right. If the Chair rules that I must limit myself to any particular time limit I will do so; but I have other points to urge.

Mr. President: The Chair is perfectly willing to give some indulgence to Honourable Members, who for various reasons missed the first opportunity. But the Chair is certainly not prepared to allow them to enter into the details of every question at this stage.

Mr. K. Rama Aiyangar: In the case of the Finance Bill, Sir, I am entitled to take as much time as I like.

Mr. President: If the Honourable Member claims that he is entitled to speak without any time limit, the Chair will be compelled to exercise its right to keep the Honourable Member strictly relevant. The motion before the House is that the Finance Bill be taken into consideration; but the Chair is prepared to allow him to go into the general discussion of the Budget, provided he does not enter into minute details.

Mr. K. Rama Aiyangar: Of course, Sir, the question is that the Finance Bill be taken into consideration. I am opposing the motion for the various reasons I have put forward; and for that reason I say that I will show that the 13½ crores that is sought to be levied by the Finance Bill is unnecessary and I want to explain every bit of it. If I am right, I want to have the ruling of the Chair. If I am not, I will certainly try to limit myself.

Mr. President: The Honourable Member is perfectly entitled to oppose the Finance Bill; but he knows perfectly well that all that is relevant on the general discussion is not necessarily relevant on this motion. He will be allowed to discuss the general principles underlying the Budget, but the Chair hopes that the Honourable Member will not enter into details of these principles. The Chair must protect the rights of other Members who are anxious to take part in this debate.

Diwan Bahadur M. Ramachandra Rao (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): On a point of order, Sir. May I ask you whether it is not open to any Honourable Member of this House to offer any general observations he wishes to offer in regard to any portion of the administration under the Government of India on the Finance Bill? I thought that that was the general drift of the ruling which your predecessor had laid down in regard to the Finance Bill. I have nothing to say with regard to my Honourable friend's observations in regard to the Budget, but I thought, Sir, that the principle I have just stated had been established in this House.

Mr. President: The principle which the Honourable Member has stated is perfectly right. Honourable Members are entitled to offer general observations, but they are not entitled to go into details. At the same time Members speaking must have some regard to the claims of other Members.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): May I say a word on this point, Sir? If you will turn to the proceedings of this House of the 20th March, 1922, you will find that Sir Sivaswamy Aiyer was allowed to make a sort of a general budget speech on the Finance Bill. When he went into certain details some Honourable Members rose to points of order, and it was on that occasion that your predecessor in the Chair pointed out the exact position in this matter. I crave your leave, Sir, to place the observations

Mr. President: The Honourable Member will understand that the Chair has not disputed the correctness of the ruling.

Mr. K. O. Neogy: May I point out that this privilege has been laid down by Sir Frederick Whyte to be subject to certain limitations? I was going to point out those limitations. I do not agree with my Honourable friend, Diwan Bahadur Ramachandra Rao, entirely on this point. That is the reason why I got up. You will find, Sir, that when Sir Sivaswamy Aiyer rose to deliver his speech, Sir Frederick Whyte stated:

"It is legitimate on a motion that this Bill be taken into consideration to discuss those items of public policy which have contributed to the deficit, but such details as the Honourable Member is now giving are beyond the bounds of order."

Then later on he said:

"It is open to the Honourable Member to discuss in more general terms. He is now discussing Army estimates, which is not in order."

Then later on again, when Sir Sivaswamy Aiyer had gone on for some time, Sir Frederick Whyte pointed out:

"It is open to the Honourable Member to fortify his general remarks with a certain number of statistics but the details which he is giving now go beyond the bounds of reasonable order."

So that, Sir, although the privilege is conceded, that Honourable Members have got a right to speak in a general way on this motion, I think that privilege is subject to certain conditions which were laid down by Sir Frederick Whyte.

The Honourable Sir Basil Blckett: May I, Sir, as Member in charge, just say a word in this matter? I think it is very important, if I may say so, that we should not lose sight of the principle that the opportunity is given of discussing broad questions on the Finance Bill as well as on the general discussion of the Budget. But I do strongly support the appeal which the Chair has made to Honourable Members to use that opportunity reasonably. There is a time limit of, I believe, fifteen minutes during the general discussion of the Budget; and if that time limit is required then, it is obviously unreasonable that an Honourable Member should take up an hour and a half on details which it would be quite impossible for me to answer in less than an hour and a half. I would venture, Sir, to reinforce the appeal of the Chair that Honourable Members should use the wide discretion the Chair has given them and use it more moderately.

Mr. K. O. Neogy: May I point out, Sir, that the difficulty which the Honourable Member has referred to is due to some extent to the manner in which this agenda paper has been prepared? On past occasions we had two specific days for the disposal of the Finance Bill. On this occasion we have here lumped up together several motions dealing with several Bills and other matters set down for to-day, to-morrow and subsequent days. As the discussion of the Finance Bill is subject to the rules relating to all legislative measures, there is certainly no time limit on speeches. I should protest very strongly against any attempt on the part of the Government to curtail any of our privileges.

Mr. Mahmood Schammad Sahib Bahadur (West Coast and Nilgiris: Muhammadan): Sir, it has been the custom to give two clear days for the discussion of the Finance Bill. It is only this year we see that so much other business is included along with this. In previous years it has been the custom to give two clear days for the discussion of the Finance Bill.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I must just point out that it has never been the practice to give two days or any specified time to the Finance Bill. The Bill is put down on the paper and, if it is not finished, the discussion will have to go on for one or two or more days till it is finished. The mere fact that we have a running agenda was with the object of giving the House full information as to what business there was to be taken up. The discussion on the Finance Bill will go on whether it is finished in one or two or three or four days. The preparation of the agenda in no way limits the discussion.

Mr. K. Rama Aiyangar: Sir, in view of your remarks, I will try to cut short my remarks; I wanted to take more time, but I shall not. I have finished my remarks relating to the military Budget. I only say that it should be quite possible to reduce expenditure, to bring it down to fifty crores immediately, and further attempts should be made to take it below that figure if possible later.

The next point that I want to place before this Assembly relates to the amount provided for the reduction and avoidance of debt. I have discussed it fully the other day and I do not propose to take any more time on that, except to state that as a policy I request the Honourable Finance Member to come to an agreement with this Assembly that we shall not, taking both the accrued surpluses and the provision for reduction and avoidance of debt, appropriate more than five crores at the highest for debt provision, subject of course to the qualification that if one-eightieth of the debt between 1925 and the year concerned becomes more so as to make a provision of more

than five crores necessary for that reason, the question may be decided separately. Except for that, I want him to come to an understanding with this side of the House, and we shall take it as an almost unwritten rule of this Assembly that no provision will be made of more than five crores inclusive of this one-eighth and the portion extra for the purpose of debt reduction. If there is any balance, any accrued surpluses, which must be in view of the careful budgetting that is being made, that must be taken towards non-recurring expenditure next year. Of course we have enough non-recurring expenditure to cover extra amount that we might have in the way of accrued surpluses. Therefore that will be an indirect way of enabling the country to rid itself of this heavy burden which has been thrown upon it during the War. No argument can be advanced that because the deficits arose during or after the War this generation should pay more than the scientific basis that was sought to be arrived at by the Honourable Sir Basil Blackett; we have been disputing it, and we do dispute it even today. Sir, it can be decided only after either a Committee is appointed to go into that question or after the Assembly with its full strength is able to devote its attention to the subject. For the productive debt of one-eighth each year is disputed, and for the non-productive debt of the war kind, as also the building kind, the provision of 15 and 50 years, as suggested by the Honourable Sir Basil Blackett, is also disputed. A decision on this point will have to be arrived at after some settlement, but pending that, I would request the Honourable the Finance Member to take this as the guiding line. That will therefore enable us to wipe off about one hundred lakhs from the present year's Budget.

The third item that I want to take up is the question of budgetting for receipts under the head Customs. I find on an examination, Sir, that for receipts under Sugar there has been considerable caution observed in budgetting. It has been found in 1921-22 that the receipts under the head Sugar were 650 lakhs, but the provision made for next year is only 570 lakhs, though this year it is more than 650 lakhs. That shows that there has been a little bit of over-caution. There are also other heads under Customs in which the receipts have been budgetted rather closely. My suggestion is that this budgetting has been made not to show much of a surplus, but it will come in the course of the year, and nobody is going to take it away. But if you come to this arrangement relating to accrued surpluses and money to be taken for reduction and avoidance of debt, the country will be safe. On the other hand, such reduction as might be made for the country by means of this extra tax should be done at the earliest possible moment.

Again, Sir, under the head Income-tax, I find that though the Department has been disappointed in its receipts this year and in the previous year, the receipts for next year are budgetted over-cautiously. Another half a crore under the receipts would have been quite feasible for this reason. We find that the balance of trade has been in favour of India both in 1924-25 and in 1925-26 beyond expectations, and all that is necessary is that there should be income available in the country. It may be possible, because the whole income-tax levy is being now scientifically worked out. All these two years' income in the country by this extra merchandise in favour of the country will bear fruit, in the course of the next two years, because these two years have not borne fruit though prices of articles have come down and many advantages gained by the War; actually what happens is that they have not realised the whole profits, and they may not be liable to taxation immediately. But the effects of these must be felt in the course

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of the next year, and this over-caution in taxation is not really very good. That is only an attempt to take away to the surpluses as much as is possible by the Budget.

The next thing that I have to refer to is the Railways. In my view there is a sum of clearly 70 lakhs which has not been brought into account by the revised Budget. I will give the reasons. In the total working expenditure in 1924-25, which gave the highest income derived by the Railways so far, the total expenditure, inclusive of the customs duty remission, comes to 64 crores. But the provision made in the current year's revised Budget is nearly 66 crores, though the income is less, which must mean that there should be some reduction, because there is a separate provision for the depreciation fund, and the amount has been fixed at 7½ crores for the current year, and therefore there could not be revenue provision made for capital works. That being so, the actual expenditure must be much less. If, therefore, 1.60 crores is the amount that will have to be reduced from the expenditure provided for this year, in the one-fifth share of the profits as also the one-third share over and above the 3 crores reserve, the total provision that will be actually available will be about 70 lakhs. For the same reason the Budget of next year provides for 67 crores expenditure, and this year's Budget also provides the same.

The Honourable Sir Basil Blackett: Sir, I should like to protest against any discussion on the Railway Budget being carried on now. We had an opportunity of discussing that already.

Mr. K. Rama Aiyangar: I am not referring to the Railway Budget itself, but I am referring only to the portion of it that contributes to the general revenues. There again, Sir, about one crore more would be available to be taken over to the General Budget.

These are the various heads that I want to place before the Assembly in considering the Finance Bill. I submit, Sir, that all these will show that our position is very satisfactory, and we ought not to grudge a little relief being given to the tax-payers of this country.

Rai Sahib M. Harbilas Sarda (Ajmer-Merwara: General): Sir, I rise to raise an objection to the passing of the Finance Bill, because my province has not received proper attention from the Government of India, and I have not had an opportunity of laying before the Government some of the grievances which call for redress. When the Budget for my province came up, there was no time given for discussion, and I was not afforded an opportunity of saying anything. That was because of the exigencies of the Budget, the way in which the Demands for the various Grants are placed in the agenda.

Sir, last year when I proposed my Resolution regarding the establishment of a Legislative Council for Ajmer-Merwara . . . (Mr. N. M. Joshi: "You did not vote for it.") I did, but you did not vote for it. Sir, last year when I proposed my Resolution, I showed the importance of my small province from a strategic, political and cultural point of view, and I do not want to say anything more about it to-day, except that, though it is a small province, anything done or said there reverberates throughout Rajputana, a province as large as France. I therefore request Government not to take a parochial view of the administration of Ajmer-Merwara, for the separate

existence of that province is a necessity imposed by political considerations—considerations which weigh heavily with the Central Government. Sir, speaking in February last year, I showed how my province had benefited under British rule, and I do not hesitate to acknowledge the response made by the Government with regard to several of our demands for redress of grievances which I have had the honour of bringing before this Assembly during the last two years. Sir, when the Reforms were inaugurated first in 1921, my province was left out in the cold: it had neither lot nor part in them. The Government saw the mistake, and they have now given us representation in the Assembly, however inadequate it may be, but no voice has been given to us in the framing of our local laws and regulations.

Early in 1924, I voiced the grievances of the people of my province with regard to the judicial administration of Ajmer-Merwara. I showed then that not only was the judiciary ill paid but that the machinery of Government to deal with litigation in that province in its final stages, that is the highest court of appeal, was ill adapted to perform functions which had been entrusted to it.

Government have since given us a Judicial Commissioner and that grievance has been removed. (*An Honourable Member*: "Extra 1 P.M. expenditure.") No, Government have given a Judicial Commissioner for two provinces. He is a joint Judicial Commissioner for Ajmer-Merwara and Gujerat so that there is no extra expenditure, and yet our grievance has been removed. (*An Honourable Member*: "What about Kathiawar?") Kathiawar is a part of Gujerat. (*An Honourable Member*: "Is it?") It is. Politically it is a part of Gujerat. These are Kathiawar, Cutch and others.

There was another grievance which I brought to the notice of Government. Those students from Ajmer-Merwara who were desirous of receiving education in engineering were under a great disability. That grievance also has been removed by Government. Another grievance is that Ajmer-Merwara is still governed by Regulations and laws framed 40 and 50 years ago, many of which have become obsolete and out of date. I am glad that one of these Regulations,—the most important one—the Ajmer-Merwara Municipalities Regulation, has recently been repealed and a new and improved Regulation has been brought into force. Thus, while we acknowledge the response made by Government to some of our demands and acknowledge our Local Government's sympathetic attitude, I should be failing in my duty if I did not bring to the notice of Government many grievances which urgently call for redress. Sir, I have brought to the notice of the Government several times the hard case of the subordinate judicial and executive officers in that province but Government have not been pleased to take their hard case into consideration and give them some relief. Government have done nothing to remove the injustice done to those officers who have been doing archeological work in that province—a province rich in antiquities and in historical traditions. Another great injustice which has been done by Government to our province, and which has caused great dissatisfaction and discontent is the introduction of an exorbitant scale of court fees and process fees. Not only are these fees higher in Ajmer-Merwara than in the United Provinces, but when we consider the chronic famine conditions of my province, the oppressive character of these fees becomes quite clear.

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): What about Bombay?

Rai Sahib M. Harbilas Sarda: The process fees are higher in Ajmer-Merwara than in Bombay.

Khan Bahadur W. M. Hussanally: I doubt it.

Rai Sahib M. Harbilas Sarda: If you study the figures you will find it. Another grievance which I wish to bring to the notice of the Government is that the Superintendent of Education in Ajmer-Merwara does not reside in that province, and does not remain in touch with the educational problems and requirements of the province. With his preoccupation with the duties of Educational Commissioner to the Government of India he is quite out of touch with the establishment of the Educational Department in Ajmer-Merwara, and he is not able to do full justice to it. I therefore request that Government will take an early opportunity of revising the scale of court fees and process fees and thus remove one cause of dissatisfaction, and give the teachers of secondary schools a time-scale which has been introduced in the college as well as other departments of the Administration, and also see that the Educational Department is placed in the hands of a person who is in touch with that province. Another great grievance which we are suffering from

Mr. President: Order, order. The Chair has no objection to the Honourable Member referring in a general way to the grievances of his province but he is not entitled to go into the details of those grievances at this stage.

Rai Sahib M. Harbilas Sarda: With your permission, Sir, I wish to put these forward because there was no opportunity given to Ajmer-Merwara to ventilate its grievances. When the Budget for it came, the guillotine was applied.

Mr. President: It is not the fault of the Chair. The Chair has got to interpret the rules as they are.

Rai Sahib M. Harbilas Sarda: Very well, Sir, I would say a few words about the salt duty as it affects the industry in Pachbhadra? That, I suppose, will be in order. There are two chief places where the salt industry flourishes in Rajputana, Sambhar and Pachbhadra. Pachbhadra salt is in some respects superior in quality, but as it is situated at a little distance from the chief salt marts, it labours under a great disadvantage. Government have, during the last few years, raised the price of Pachbhadra salt and that industry is consequently dying. Pachbhadra has a population of about 5,000 or 6,000 and the population is dwindling. The neighbouring villages which used to supply labourers for that industry are also suffering. The price of salt has gone up by leaps and bounds. In 1896 the price of Sambhar salt was 8 annas; in 1898 it was reduced to 4 annas 3 pies, and in 1918 it was raised to 4 annas 6 pies. The original price of Pachbhadra salt in 1898 was 1 anna 9 pies; in 1910 it was 2 annas and in 1921 it suddenly rose to 4 annas 6 pies. This action of Government has to some extent injured the vital interests of the people of Pachbhadra and the villages around. In 1923-24 the salt manufacturers there have suffered a loss of Rs. 9,99,000. One factor in this state of affairs is the raising of the railway freight. From Pachbhadra to Kuchaman Road, a distance of 217 miles, the freight is 4 annas 1 pie per maund; from Kuchaman Road to Kotah the distance is 208 miles but the freight is

.5 annas 9 pies; from Kotah to Saugar, which used to be the principal mart, for several years, for Pachbhadra salt, the distance is 237 miles but the freight is 8 annas 1 pie. This disparity in the railway freight, particularly on the Great Indian Peninsula Railway, has told very adversely against Pachbhadra salt, and we hope that Government will see that this industry is not handicapped and that the people of Pachbhadra do not suffer. Government have recently tried to raise the price of Pachbhadra salt against the interests of that place. I therefore request that the interests of the industry be safeguarded.

Mr. B. Das (Orissa Division: Non-Muhammadan): May I inquire whether the Honourable gentleman is speaking against the salt tax or the manufacture of salt?

Mr. President: The Honourable Member began by saying that he was opposing the Finance Bill but the observations that he was making were not at all relevant.

(A voice: "The Honourable Member has finished and resumed his seat.")

Mr. Ahmad Ali Khan (Assam: Muhammadan): Sir, after the series of deficit Budgets which we have had for a number of years it is gratifying to find that the period of deficits is gone and the pendulum is swinging back in the other direction. Sir, if the Budget is to be reviewed as a whole, I have no hesitation in saying that there is nothing startling in the Budget. It shows steady and slow progress. I may further say, that the Budget has struck me as an attempt on the part of the Honourable the Finance Member to mark time, if I may express it in that way. He has carefully abstained from launching on any large scale of fiscal re-arrangement on the ground (An Honourable Member: "What about the cotton excise duty?")—I am coming to that—on the ground that the Report of the Taxation Inquiry Committee is new and cannot form the basis of action for this year. I believe he is also waiting for the Currency Commission to make its report and perhaps he is waiting also for the Royal Commission on Agriculture to make its report. (Mr. M. A. Jinnah: "By that time he will have retired.") The country is no doubt glad to find that the Honourable the Finance Member has at last succeeded in suspending the cotton excise duty with a view to abolishing it in the near future. This will no doubt help the mill industry in the difficult times it is passing through, but from the reports I have received it seems that there is still stagnation in trade in that part of the country and some of the mills are again desirous of stopping work. Hitherto Government, and I make this charge in all seriousness, had not realised that a special and vigorous effort should be made in the direction of improving the lot of the ryot. They have only just come to realise that not enough has been done so far to assist the Indian agriculturist on to a higher level of comfort and purchasing power. Recently we had the announcement from His Excellency the Viceroy of the appointment of a Royal Commission on Agriculture and it has come none too soon. Speaking for myself, I am rather sceptical of the practical utility of the Royal Commission. I feel that the agricultural problem is much too large and of much too varied a character to be effectively dealt with by any single Commission. I am further fortified in my view by the fact that the Royal Commission will be debarred from considering certain factors which play a very important part in increasing the difficulties which the ordinary

[Mr. Ahmad Ali Khan.]

peasant has to face. Certain questions relating to land tenure and assessment have been deliberately shut out from their consideration. While I am referring to the Royal Commission on Agriculture I cannot help drawing the attention of the Honourable Members on the Government Benches and of this House generally to the deplorable position of the sugar industry in this country. I spoke about it two years ago. It is undoubtedly one of the primary industries of the country and personally I do not see any reason why we should be in such a backward condition. Honourable Members will remember that a Sugar Committee was appointed some six or seven years ago and it made its report in 1920. It made very important recommendations. One of its recommendations was that the industry should be organised on the lines that exist in Java. It recommended the establishment of a Sugar Board and simultaneously with the establishment of that Board there was to be an Imperial Research Institute with three divisions, agricultural, chemical and engineering. I want to know from the Honourable Member in charge how far these recommendations have been carried out. Those three divisions were to control the work of the Research Institute. It was further recommended that a levy should be made on the factories supplemented by Government subsidies and that sugar schools should be established which were to be finally affiliated to the University and the University was to confer the degree of B.Sc. in sugar research. To my knowledge very little has been done to carry out the recommendations of the Committee and after that it is not surprising to find the low position we occupy compared to Java. An acre of land under cane here produces only one-fourth of the amount produced in Java. I will not go any further into details but I hope the Honourable Member in charge will tell us how far the recommendations of that Committee have been carried out. I want to say a word about the proposed foundation of a fund for archaeological research in this country, but as the Honourable the Finance Member will bring in a Resolution before the House I shall reserve whatever I have to say on the subject for that occasion.

Before I conclude I should like to draw the attention of the House to the fact that, personally, I was disappointed in that there had been no remission of taxation. We were all hoping, in view of the feeling expressed in the speeches delivered on the occasion when the question of a reduction of postal rates came up before this House, that the Honourable the Finance Member would make a real effort to meet us half-way at least, but as his statement contained in this white pamphlet shows, he is very reluctant to do so. He says not only that there should be no expectation of reduction in postal rates now but that he does not hold out any hopes of such reduction in the near future.

The Honourable Sir Basil Blakett: May I know what the white pamphlet is? Is it my budget speech?

Mr. Ahmad Ali Khan: Yes. I am quoting from page 47 of the Honourable the Finance Member's speech:

"Unless therefore the future holds out the prospect of a considerable further fall of prices to at least the 1914 level—a development which would probably be undesirable in the general interests of India's prosperity—we must admit the logical conclusion that the day of the 3 pie postcard and the 6 pie letter is past beyond recall."

—I do not know, Sir, if we can all subscribe to this view—

“ Much as we may regret this inevitable conclusion, it is better that we should cease to delude ourselves with unrealisable hopes and should set ourselves to secure the maximum efficiency and the greatest possible facilities to the public from the department as things are to-day.”

Sir, this is a very disappointing statement and gives us no hope whatsoever of the reduction of rates in the near future. I may say, in other words, that there is no hope of a reduction in this direction for another five years or so. Sir, these are the only observations that I desire to make.

The Rev. Dr. E. M. Macphail (Madras: European): Sir, at this stage there is only one point to which I wish to call the attention of the Honourable the Finance Member. It is well known that Education is a transferred subject. Still, the Government of India have something to do with education, especially in those parts of India which are directly under them. It seems to me that the Government of India have a duty to the whole country at the same time, specially in connection with University education. Two years ago the Government of India summoned a Conference of Universities at Simla. That Conference met at Simla and drew up a scheme by which an Inter-University Board was created. That, I think, was one of the chief works that the Conference carried out. As a result of that, the Conference met in Bombay in March of last year and formed a constitution for itself. On that occasion the Government of India paid the travelling expenses of the members of that Board. All the Universities in India with the exception of three have joined that Board, and it seems to me that it is a most worthy object on which the Government of India should spend money. It seems to me, Sir, that as this is an all-India organisation and has actually been called into existence really by the Government of India, it is desirable that those Universities which are at a distance should not be handicapped from attending the meetings of this Board by being saddled with the travelling expenses. Suppose, Madras is fixed upon as the centre at which the Inter-University Board shall meet on one occasion, it is extremely probable that a number of universities up here will not feel inclined to send their delegates down there because they have to pay such a large amount for travelling expenses. Sir, it seems to me that this matter is of considerable importance. It is, of course, a small matter financially but it is very important educationally that everything should be done to encourage the working of that Board and that the travelling expenses of the annual meeting of that Board should be paid for by the Government of India. Also it is desirable that the Government of India should give a grant towards the expenses of keeping up the staff of that Board. I should like to call the attention of the Honourable the Finance Member to that point.

Dr. K. G. Lohokare (Bombay Central Division: Non-Muhammadan Rural): Sir, I had proposed, when I read the Finance Bill, to oppose its consideration at this stage. But when I looked at the clauses of the Bill, I found that there was something else in it too—remission of a tax! In the words of our friend an official Member from my Presidency, I thought:

“ The qualities in fish we meet
In the Finance Bill do now prevail
The gills are soft and neat
And the pricks are left in the middle.”

Sir, that is what I have found in this Finance Bill—some prick in the sections in the middle. The counts on which I wished to oppose this Bill were three. The first was the inattention on the part of this Government to the

[Dr. K. G. Lohokare.]

demand of the nation. The second was the excessive expenditure on the Army and the third was the unjust taxation. Before I take up these counts seriatim, I should like to congratulate the Honourable the Finance Member on the success he has attained during the past few years. Although I have my counts against him, he must be given his dues. From the people he gets some gratitude for his ability in setting right the financial position of the country during his tenure. On the other counts he has his share as a partner of that august body, the Government of India, and he will have to share yet another charge of unjust taxation to some extent too. Sir, whenever in this House demands for a further grant of reforms were made by the Members of this House, the only answer that Government Benches gave us was the word "co-operation". I request permission to trace what this word "co-operation" means.

Mr. President: Does the Honourable Member wish to raise the constitutional issue on this motion?

Dr. K. G. Lohokare: If I am permitted, I propose to take it up as one of the causes.

Mr. President: Is it the desire of the Honourable Member to discuss that issue at this stage?

Dr. K. G. Lohokare: If the Chair permits, Sir.

Mr. President: The constitutional issue was discussed only the other day at great length and the Chair cannot permit the repetition of that discussion. The Honourable Member can, however, refer to it in a general way.

Some Honourable Members: Withdraw.

Dr. K. G. Lohokare: Since the Chair is not pleased to permit me, I will not discuss the constitutional issue. I would have disposed it of in a few words as I did not intend to discuss it at length.

Well, Sir, I come to the next count, namely, the heavy expenditure on the Army. In 1923 the ratio of expenditure over the defence services in other countries was as follows: France spent 23 per cent. of her revenue; Japan, with her Navy and Army, spent 25 per cent.; England spends about 17 per cent.; while India to-day spends not less than 45 per cent. without a Navy. The percentage as compared with the revenue in the case of India is so high as to leave scarcely any margin for the material and moral progress of the country. Sir, the causes of this heavy expenditure are manifold. The first and foremost cause that strikes everybody is the ratio theory. That for every two Indian fighting men there ought to be one British man is the theory lying at the bottom of this heavy expenditure. It was after the Mutiny that this theory was introduced and it is yet dominating. It may be that after the Mutiny British statesmen thought of having a safety ratio; but to-day at a stage when the mechanical machines of destruction have so far advanced and are so predominant a feature of modern warfare, we find in addition to this safety ratio a further safety guarantee in the form of tanks, armoured cars, aeroplanes, artillery and everything of the like nature absolutely

manned by the British. Sir, the days of 1857 and the subsequent period have changed. Mechanical devices have been invented, and have come to help the forces of destruction and defence of a country, and in India these mechanical forces are absolutely in the hands of the British. What need therefore is there for maintaining that safety ratio of 1 to 2 and to saddle the country with the expenses of the British units? We know that expenditure for British units is more than four times the expenditure for Indian units, and in spite of the present heavy military expenditure this ratio theory has yet been occupying the minds of the administrators and saddling the country's exchequer with such a burdensome expenditure. Sir, times have changed now. The people of India realise that a mutual British attachment is necessary. Improved arms of destruction have placed at the command of the Government a far more powerful guarantee than the former safety ratio. In spite of such guarantees, I want to ask, Sir, if that theory of safety ratio is yet to be maintained. Sir, the second increase I find is in the strength of officers of the army, particularly in the increased number of British commissioned and non-commissioned officers. The number of British officers in 1913-14 was 6,428 while in 1922-23 and to-day it is 6,832. The total of officers from other ranks in administrative services in 1913-14 was 2,263, to-day it is more than 5,000. Sir, it means they gave something with one hand and took away with the other. That is the result we see in the increase of officers from British ranks in the ancillary services. In the ancillary services, in the Supply Department I do not see what reason there is to maintain the British non-commissioned officers' ranks in charge of depôts everywhere. I would like to know what need is there for maintaining the non-commissioned officers and British warrant ranks and persons promoted from the ordinary ranks in charge of the depôts. Could they not very well utilise educated Indians here? Could they not utilise Indian officers and place them in charge of supply depôts with some training? But, Sir, economy was not the point that they wanted to see there. It is much more the British prestige that they want to maintain in each and every line. I think of the engineering services, Sir. We have a number of Indians trained and left unemployed in mechanical engineering, in road engineering, in civil engineering. They could very well have taken some of them and put them on as warrant officers with a smaller scale of pay. In the civil departments these men start on Rs. 70 and work willingly if they have prospects up to Rs. 200. You give British non-commissioned officers more and so spend unnecessarily. In every branch of the ancillary services you have been maintaining these British non-commissioned officers and giving them extra pay and adding to the expenditure in each and every department. The same is the case with the medical and the Royal Army Medical Corps. You have in this service persons beginning from the lowest to the highest rank. You require additional men as Assistant Surgeons in addition to the full complement of Royal Army Medical Corps men and officers. Why not then reduce the strength of the officers of the Royal Army Medical Corps? You have fully qualified Indian Medical Department men with five years' professional training here fit to take charge of a good deal of hospital work and yet you set the Indian Medical Department aside and appoint Royal Army Medical Corps officers even for work requiring ordinary professional skill. It is double expenditure, heavy staff, with less work, it is nothing else; but because in India you have got certain long established ideas you continue such formations blindly without looking into the altered conditions and circumstances which are altering still

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further. The same is the case with the Sub-Assistant Surgeons. You first created the class to serve as hospital mates, and in spite of a change in their course of professional training, you yet utilise them for non-professional work. You do not pay them as much as they deserve in these days because you could not re-arrange the organisation of hospitals after the change in circumstances. You have been doing this by overlapping the staff and underpaying all or almost all these subordinate services. How is it possible for you to economise the expenditure of the Army when you are spending over and above unnecessarily, double, treble, in every case? From the official reports it is seen that in hospitals a large number of beds are maintained without being occupied. The strength of the staff employed was based on the strength of the total number of beds. Although some effort has been made, not much has yet been achieved in recasting the administration in such a way as to reduce the cost and put efficiency on a proper basis. Sir, the whole organisation needs a careful overhauling in each case. It will contribute to economy and still more to efficiency. Sir, the frontier policy as well is another drain on the purse of the country. This method of providing subsidies has added so much to our cost that we could very well have thought of a forward policy rather than have this "do nothing" policy. The amount of money that is being spent every year simply to bribe people would be far better spent once for all in taking preventive measures to drive away the foreign invaders. Sir, the policy that is being pursued creates a serious continuous drain on the treasury of the poor Indian tax-payer.

I next come to the second count of unjust taxation, and I take first the case of salt. Sir, in spite of India having facilities for production of her own salt, methods were found to push in imported foreign salt into this country. I am told, in the days of Lord Lytton post offices used to sell small packets of tea at one pice, just as the post office sells quinine to-day, simply to make tea popular. With similar devices known as popularisation in commerce this imported white powder of salt was pushed in in Bengal since a long time. Bombay and Madras salt should have had their market in Bengal, but there were certain difficulties in the way and these difficulties are yet being maintained. The Taxation Inquiry Committee Report deals with the matter now and I hope Government will see that imported salt does not get the upper hand over the indigenous salt. Given the facilities for importing local salt in Bengal—foreign salt is but an article of fine tastes—why not put up the tax on this imported salt to double of what it is to-day? Poor people do not find it necessary to have that variety of salt simply for the sake of its colour. If the fine white variety is the choice of some, it is an article of luxury, and they must pay more for it and if the tax is doubled, it will give us some more revenue too. The present rate of duty on salt is but an unjust taxation. A still lower rate of duty for the indigenous and a heavy one for the imported article would have served the purposes equally well.

There is another point to which I request the attention of the House. When the exchange rises, all articles paying duty *ad valorem* are imported cheap into this country.

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

The Assembly re-assembled after Lunch at a Quarter to Three of the Clock, Mr. President in the Chair.

Dr. K. G. Lohokare: Sir, at the point when exchange rises or falls the imports become either cheaper or dearer for the importer, and the same effect is produced on the exports, at least in the short period when the exchange is fluctuating. It is therefore an unearned increment that the importer gets and the customs returns are less on those articles which are charged *ad valorem* duty. Under such circumstances the exporters—that is, the poor peasants in the case of India—lose, while the importers gain. I should suggest therefore that at a point when the exchange rises the *ad valorem* duty may be so adjusted and collected as to tax the unearned increment of the importer and some relief be given out of the proceeds to the exporter—the poor tax-payer. That would be a fairer way of collecting customs on the *ad valorem* basis.

With these few words, Sir, I conclude my remarks on the Finance Bill and, as I said at the beginning of my speech, it is yet a question to me whether I should oppose it or support it since it contains both elements, one an element of good, the other an element which contributes to the demands of a heavy expenditure in the administration.

(Sir Darcy Lindsay and others moved that the question be put.)

Mr. B. Das: Sir, the House is considering the Finance Bill but we are really playing "Hamlet" without Hamlet being present. In the history of the newly constituted Assembly this is the first occasion when the Member who represents the Indian Merchants' Chamber of Bombay, is absent from this House. We know Sir Purshotamdas is absent because he is sitting on an important Commission. (*An Honourable Member:* "An impotent Commission?") Well, let us hope, their deliberations will not be impotent. The Indian mercantile community has no representative on the floor of the House and their opinions are not heard. I will therefore take this opportunity to bring to the notice of the Members of this House the opinion of the Bombay Indian Merchants' Chamber that was forwarded to the Finance Department. Sir, their opinion on the Budget and the Finance Bill is as follows:

"Chamber while welcoming the final removal of the odious excise duty regret that claims of Bombay in the matter of relief from provincial contributions have been once more ignored in spite of Bombay's heavy deficit Budget while special relief has been continued to Bengal. They also consider it misleading to use 18 pence rate of exchange for the figure of Public Debt because it shows the burden of our foreign debt at a much lower figure than was shown in the similar estimates last year, while the burden in terms of gold remains absolutely the same. They further regret that even 4 years after the Report of the Inchcape Committee it has not been found possible to bring down military expenditure to the figure of 50 crores suggested by the Inchcape Committee and urge substantial reduction in military expenditure during the current year. The Committee also regret Government's attitude in the matter of reduction of postage charges and consider the illustration by means of index numbers given in paragraph 65 entirely misleading because according to the figures given therein India should be overwhelmed with imports and be unable to export whereas the reverse is notoriously the case, so that India's price level must be below world level . . ."

The Honourable Sir Basil Blackett: I hope the Honourable Member will take this opportunity of explaining that. I have wondered, ever since I saw it, what on earth it means.

Mr. B. Das: I will, Sir, presently.

"The Committee strongly urge separation of accounts of Postal Department from those of the Telephone and Telegraph Departments when a reduction will appear fully justified by the earnings of the Department at least in the matter of 3-pie postcards. They further urge consideration at the earliest possible opportunity of total abolition of Company Super-tax which impose a heavy odious double form of income-tax."

Sir, this is the considered view of the Indian Merchants' Chamber, and as a member of the Committee of that Chamber I have great pleasure in bringing to the notice of this House the substance of their telegram. The Honourable the Finance Member would like me to go into the details of this telegram

The Honourable Sir Basil Blackett: I should like an explanation of what the Bombay Indian Merchants' Chamber means in regard to the index number. I have quite failed to follow its reasoning.

Mr. B. Das: Sir, I regret I was not present on the day the Committee drafted that; I was present here; and I have not gone into the details on that point; but I assure the Honourable the Finance Member the Indian Merchants' Chamber will forward to him in detail an explanation on the point he has raised. But if I cannot explain that particular point the other points raised in this telegram are quite clear and I hope the Finance Member will take the opportunity when answering to say that he is taking some steps to meet the demands of the Indian mercantile community.

Sir, the tariff policy of our Government has double purposes. Its purpose is protective, and at the same time taxation is levied for revenue purposes. We find that those tariffs which are levied for protective purposes are giving Government a very large amount of surplus, such as the specific duty on sugar, the protective duty on iron and steel, the protective duty on the paper industry, etc. But is it necessary that whatever surplus may accrue to the Government from tariffs levied for protective purposes should be spent by them on non-productive heads and not be set aside for productive work, for encouraging the development of industries, for nation-building departments, and so on? I think whenever taxes are levied for protective purposes, whatever surplus accrues under those heads should be set apart to improve productive work, to improve the condition of the people and specially to develop industries.

Mr. N. M. Joshi (Nominated Labour Interests): To improve the conditions of labour?

Mr. B. Das: As well; when industry prospers labour also prospers; Mr. Joshi knows that very well.

Mr. N. M. Joshi: Hand over the surplus of the protective duties to labour!

Mr. B. Das: Sir, the other day we had some discussion on the head of Income-tax and Super-tax; and just now I again drew the attention of the House to the fact that the Super-tax hangs heavily over the heads of our struggling industrial concerns. I also drew the attention of the House the other day to the fact that small Indian companies are heavily assessed under the head of Income-tax. But to-day I want to draw the attention of the House to one particular point. It is the inequitable way of distribution of income-tax between the Central Government and the Provincial

Governments. Sir, I am referring particularly to my province of Bihar and Orissa. Bihar and Orissa received very unfair treatment at the hands of the Central Government when it was separated from Bengal in 1912; and although at the time when the Financial Relations Committee sat my province brought it to the notice of the Government, no action was taken. Sir, the Meston Committee just noted this fact in paragraph 18 of page 8 of their Report. They said :

"In Bihar and Orissa the Local Government is one of the poorest in India, and very special skill will be required in developing its resources. Heavy initial expenditure lies in front of what is still a new province; and there is a wholly abnormal want of elasticity about its revenues."

I will now refer to the letter which the Government of Bihar and Orissa sent to the Government of India at the time. They complained in that letter that :

"The development of Bihar and Orissa was hampered in the past by its attachment to Bengal. That province not unnaturally devoted a large part of its limited resources to development in and near the capital city of Calcutta, while its distant adjuncts in Bihar and Orissa were neglected. When this province was separated in 1912, the provincial expenditure was estimated for the first year of its existence at rupees 284 lakhs, or 8 lakhs per million of population. as against 13 lakhs per million in Bengal."

Well, Sir, it is the greatest injustice that was done to the province of Bihar and Orissa, when it was separated from Bengal, that while the people of Bengal were allocated 13 lakhs per million of people for its expenditure, the people of Bihar and Orissa were only allocated 8 lakhs. In paragraph 4 of their letter, they further suggested :

"Bihar and Orissa stands upon a different footing from the other provinces in that it has never received a quasi-permanent financial settlement and has not yet been fully equipped with the adjuncts of a self-contained province. When the province was constituted in 1912, it was recognised that as soon as the administration was in full working order, the revenues assigned would be insufficient and it was intended, if the war had not supervened, to revise the financial settlement after five years and provide resources adequate for its maintenance and development."

Diwan Bahadur T. Rangachariar: I thought you had a surplus now.

Mr. B. Das: I may remind my honourable friend Mr. Rangachariar that that surplus comes out of the heavy taxation on excise—2 crores of rupees—which is 40 per cent. of the revenue of the Government of Bihar and Orissa; and the Government of Bihar and Orissa levy this unduly heavy excise duty on the people of Bihar and Orissa because they did not get a proper share in the revenue of the province when the province was separated from Bengal. Sir, in that letter the Government of Bihar and Orissa laid claim to certain contribution from the Central Government for the establishment of the Patna University. That claim represents fifty lakhs and they have not got it yet. They further mentioned "The Pilgrims Committee of the Government of India reported that it would cost Rs. 20 lakhs to put Puri—which is in my own sub-province Orissa—into a sanitary condition." But though eight years have passed nothing has been done yet to Puri, and different Finance Members, ensconced here on the Treasury Benches, have forgotten their obligations to that province.

So, Sir, I claim a readjustment of the income-tax receipts between the Bihar and Orissa Government and the Central Government. At present only three pies on the excess of income-tax that is collected after 1921-22, goes to Bihar and Orissa, and that province gets only Rs. 3 lakhs.

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Of course the Taxation Inquiry Committee was asked to go into the details of this. The Taxation Inquiry Committee says that the basic factor of the adjustment of income-tax should be reconsidered. And they say:

“The whole of the collections on incomes that do not appertain to residents in particular provinces, such as the tax on undistributed dividends of companies or on incomes of persons resident abroad or residents in places outside the boundaries of the provinces to which the allotment was made and the whole of the super-tax would go to the Government of India.”

They further recommend that the Government should allocate definitely a certain proportion of the income-tax to the provinces. As my own province has been very badly treated not only now but for the past fifteen years in getting an adequate share of its revenues, the Government should see that the income-tax head should be so adjusted that my province gets its proportionate share so that its level of expenditure is raised at least to the same 18 lakhs per million of people as it was at the time of its separation from Bengal.

Another thing, Sir. All the industrial companies that work in Bihar and Orissa have their head offices in Calcutta and Bombay; and unfortunately the income-tax is collected in Calcutta and Bombay and no share of that income-tax accrues to my province. I hope the Finance Member will kindly see to it that my province gets a proportionate share of income on the capital invested in my province and for which those companies receive concessions, such as mineral rights, land and other concessions, from my Government.

Sir, the prosperity of a country is judged on three facilities provided for the trade, commerce and industry of that country by provision of banking, shipping and insurance facilities for the country. If we think of banking in our country, we know what the Imperial Bank is! My Bill on the Imperial Bank was before the House but it has now no chance of being discussed. I wish we had discussed the Bill which I brought before the House, so that that discussion would have been before the Royal Commission on Currency and they would have taken note, before they decide to transfer hundreds of crores of currency into the hands of the Imperial Bank, that the Imperial Bank must be made the State Bank of India. Of course my friend Pandit Madan Mohan Malaviya has brought out that point very prominently in his very able note of dissent on the External Capital Committee's Report; and the Honourable Sir Basil Blackett, while delivering a lecture early this year at a public meeting in Delhi, commended very much and with great appreciation this very note of dissent of Pandit Madan Mohan Malaviya. Sir, Indian industries cannot prosper unless we get a State Bank in India. Unfortunately five years ago under the Imperial Bank Act, the three Presidency Banks were merged into the Imperial Bank, and all the money of the Government of India to the tune of Rs. 500 crores are handled by the Imperial Bank of India. It does not pay any interest to the people of India or to the Government of India for handling this huge sum of money. It functions, in that respect apparently, as a State Bank. Yet the Bank is managed not as a State Bank, but as a commercial concern, just as any private limited bank is managed. They do not take into account the interest and welfare of the people of India, but they are managed by the

vested interests of a few European Directors and European bankers who have been controlling it for the last 20, 30 or 50 years before the Imperial Bank was formed by amalgamation of these very Presidency Banks . . .

The Honourable Sir Basil Blackett: It is entirely untrue.

Mr. B. Das: That is my view, and that is the view at least of this side of the House. Sir, in my Bill, which I could not discuss on the floor of this House,—I may discuss it in the Simla Session—I have urged three important points. One is that one of the Managing Governors of the Imperial Bank must be an Indian. At present there are two Managing Governors by contract between Secretary of State and the Imperial Bank, but no Indian can at present under the contract be a Managing Governor. Sir, I also know that 50 per cent. . . .

The Honourable Sir Basil Blackett: Does the Honourable Member mean that it is in the contract? If so, it is entirely untrue.

Mr. B. Das: In the contract it is stated there should be two Managing Governors

The Honourable Sir Basil Blackett: Does the Honourable Member mean to say that the contract says there should be two Managing Governors out of whom neither shall be an Indian? There is nothing of the sort in the contract?

Mr. B. Das: What I mean to say is that by the contract there should be two Managing Governors in the Imperial Bank, but at present there is no Indian Managing Governor in the Imperial Bank, and, as matters stand at present, for years and years to come there will be no Indian Managing Governor in the Imperial Bank. Therefore, we want that this contract should be altered, and it should be so drawn up that there should be at least one Indian Managing Governor of the Imperial Bank. (*An Honourable Member:* "Why not both?") Yes, I would be glad to have both if I can. And there are about 250 or more European officers in the *higher* services, while there are only half a dozen Indian officers in those services. I want at least

The Honourable Sir Basil Blackett: That is entirely untrue. I am sorry to interrupt the Honourable Member, but his statements are wildly incorrect, and I must interrupt him.

Mr. B. Das: I claim that 50 per cent. of Indianisation should take place in the superior services of the Imperial Bank. That is one thing. I also pointed out that in the appointment of staff officers in the Imperial Bank, no Indian is allowed to remain there

The Honourable Sir Basil Blackett: I challenge the Honourable Member's statements when he says that no Indian is allowed to remain there. These statements are so wildly untrue that I cannot but interrupt the Honourable Member.

Mr. B. Das: I know this much that for the recruitment of candidates for staff appointments in the Imperial Bank the rules are so framed that no Indian can be recruited. I have got a copy of the rules and I can present it to the Honourable Member.

The Honourable Sir Basil Blackett: That is entirely untrue. I can only say that again.

Mr. B. Das: As I said, I have got a copy of the rules, and these rules are so framed that no Indian can legitimately apply for those posts . . .

Lieutenant-Colonel H. A. J. Gidney (Nominated: Anglo-Indians): What posts?

Mr. B. Das: For posts in the superior services of the Imperial Bank.

Lieutenant-Colonel H. A. J. Gidney: Do you mean for posts over Rs. 300?

Mr. B. Das: I am coming to that. For those posts in the superior grade, a person should have a European training either in England or Europe or America, but we know there is a caucus among the bankers in England and in Europe. No Indian is allowed training in English banks, and unfortunately our boys, our commerce and banking graduates, and others, who have received similar commercial degrees, cannot expect to get a chance to be recruited in England to the superior grades of the Imperial Bank. For that reason I have laid down that five Indian boys should receive training in the London Branch of the Imperial Bank so that a proportionate share of these superior grade appointments may go to Indians in the Imperial Bank. I do not want to go into the detailed merits of my Bill. I say that before the Imperial Bank gets the chance to control the currency and to hold the Gold Standard Reserve, before it gets the power to transmit money on behalf of the Government of India from India to England and back, the Imperial Bank must function as the State Bank of India. At present it is not so; at present it is not run for the benefit of vested interests. And so I say it should be made the real State Bank so that it may assist the development of industries and exist for the welfare of the people of India.

Sir, in that telegram from the Merchants' Chamber to which I referred, they have taken note of the high rate of exchange, and I have many a time spoken on the floor of this House of how this high rate of exchange has nullified the protective tariff policy of the Government of India, how the industries that are protected do not get any benefit owing to the exchange which has been fixed at 1s. 6d. and which is probably going to continue at that rate for years. Of course, I am not an authority on exchange, but from what I know of the views of the Indian economists and financiers, they think it is due to the manipulated policy of the Government of India that this high rate is maintained.

Sir, I find that the taxation has been maintained at a very high level. Although the Finance Member has brought down the military expenditure to 54 crores, the total military expenditure is not the sum given by the Finance Member. It is much higher. The pensions and other charges under the head military come almost to about 80 crores of rupees . . .

The Honourable Sir Basil Blackett: That is another statement which is absolutely without foundation. I should like to know what the Honourable Member means.

Mr. B. Das: Sir, some 8 crores are paid as permanent charges, and there are another 7 or 8 crores paid as pensions and other charges. Last year my friend Mr. Jamnadas Mehta on the floor of this House stated that 81 crores is the total expenditure under the head military . . .

The Honourable Sir Basil Blackett: I am asking the Honourable Member what he means. Are there military pensions paid which are not shown as military charges? I do not know of any of them, I do not know of their existence.

Mr. B. Das: I am ready to agree to your paying the pension charges, but I object to your transferring items from the military expenditure to other departments. This year you have transferred the expenditure on the Military Financial Adviser from the military department to the civil department. You spend money on heads of police, meteorology and survey of India that is really expenditure on military account. There is also the expenditure on telegraph and strategic railway lines which are not maintained for the civil department or civil population; they are maintained solely for your military Government. So, why do you transfer this expenditure to the civil side? There is very heavy expenditure on the Telegraphs. Why do not you separate the Posts from the Telegraphs? Then there will always be a surplus income on the postal side which will go to reduce the postal rates, whether it is on post cards or on envelopes. Unfortunately also the Wireless Telegraph Department exists more to facilitate your military operations, and you go and increase your expenditure even on telephones and telegraphs, wireless telegraphy and so on, and then you ask us to provide that expenditure from the postal revenue. You do not think of the poor tax-payers, you do not think of giving them any remission. We have no power to reduce the taxation, we cannot reduce a single pie of your expenditure. You can increase the military expenditure to 90 crores, but it should be properly shown under the military head. The country ought to know that India really and truly spends so much on account of her military expenditure.

Sir, I do not want to detain the House very much longer, but this year's Budget is a Budget of surprises. There are many surprises. One of the surprises is that surprise of Archæology. We have been asked to set apart 50 lakhs of rupees to unearth the past remains of our ancestors. But, Sir, the policy of taxation is such that it is driving the poor people to the wall, so that even in these days of civilization, the Indian masses are nothing but living skeletons and they exist in very primitive condition of life. What is the use of setting apart such a huge sum for the Department of Archæology? It could have well gone towards the remission of taxation and relief of the poor man's burden. Sir, the poor man wants reduction in post cards. He wants it on salt. He wants it also on the kerosene duty. Last year

The Honourable Sir Basil Blackett: Don't forget the super-tax.

Mr. B. Das: Last year, you reduced the duty on motor petrol and those rich people that enjoy the luxury of motor cars, got a reduction of Rs. 40 lakhs to 50 lakhs. What about the poor man? Nobody thinks of the poor man. The Honourable the Finance Member is concerned only with the capitalists and the big people in the country. He seldom has occasion to think of the poor man.

The other big surprise is the Royal Commission on Agriculture. The other day I alluded to it. I say that the terms of reference are most unsatisfactory and none on this side of the House have appreciated its terms of reference. This morning my friend Mr. Ahmad Ali Khan said that it does not include an inquiry into the heavy assessment that the

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ryot is groaning under. I also drew attention the other day to one of the greatest disadvantages that the poor peasants in this country are suffering from, namely, effects from the non-prevention of the causes of floods. The terms of reference to the Agricultural Commission do not include even that. How can you improve the condition of the poor agriculturist if you do not inquire into the causes which bring suffering to the poor ryots in the countryside? It may be a flash light, an idea, just to capture the approbation of a few zemindars and landlords, but the Agricultural Commission will do no good. What the country wanted was a Royal Commission on Reforms; instead of that, the country has been given a Royal Commission on Agriculture. I hope Government will see that they revise the terms of reference of this Agricultural Commission and include inquiries into these standing grievances of the masses so that it will look into the welfare of those people for whom it is supposed to deliberate. Otherwise, it is a waste of public money to have a Royal Commission on Agriculture.

The other surprise was the Rates Tribunal. Instead of its being a Rates Tribunal, it is going to be a Rates Advisory Committee. I need not talk again on that as the House already knows my views. (*The Honourable Sir Basil Blackett*: "Hear, hear.")

My friend on my right reminds me of the Railways. There are surprises too in that Department. Sir, after a year or two, we shall have to revise the allotment from the railway revenue to the general revenue. Under the present system 7 to 8 crores come to the general revenue. But how long is the Honourable the Finance Member going to capture this sum of money and spend it in his own way? Why should not this money go for the relief of the rates and tariffs? You are doing another thing. Every year you are writing off so many crores from the capital on Railways but these are not credited to the capital account of the tax-payer. They are written off. So many crores every year are written off under the heads of railway annuities, on redemption of liabilities involved in the purchase of Railways and other heads. The total capital shewn on Railways includes only that sum on which the Government of India pay interest, either in India or in England. It does not include capital thus written off. Therefore, whenever there is a surplus revenue, the railway management should so manage it that the surplus revenue should go for the lowering of the tariff rate—the passenger rate and the goods rate. The same thing applies to the postal rates. Sir, the Honourable the Finance Member's duty should be to relieve the poor man's burden. I hope the Honourable the Finance Member will think of the toiling millions of the country and think of reducing their burden of taxation rather than think of the relief of the upper classes. Sir, the Finance Member will never lower the taxation on the poor man unless the Government are made responsible to the country and to the Legislature. Under the present system the Government are not responsible to the Legislature and to the tax-payer, and naturally the Finance Member can go on levying heavier and heavier taxation and spend it in any way he likes. Of course, the other day we had a long discussion on our demand for further reforms. I do not want to allude to it, but I want to make one observation here. The other day the Honourable Mr. S. R. Das, who was present here that day, made certain remarks which must not go uncontradicted on the floor

of this House. Sir, I knew Deshbandhu Chitta Ranjan Das. I also know very well the Honourable Pandit Motilal Nehru. Sir, whatever work they do for the country, they do it with single-minded devotion to the country

Mr. President: Order, order. How are these matters relevant to the consideration of the Finance Bill? Does the Honourable Member know that he has spoken for more than half an hour?

Mr. B. Das: May I conclude in a minute? Let me allude to another surprise. I am very sorry that when my Swarajist friends were absent from this House, when the Honourable Pandit Motilal Nehru was not present in the House, the Honourable the Law Member imputed that it was an electioneering tactics on their part when he and his followers walked out. Sir, I did not walk out with them. They were and are my colleagues; they are my comrades in the Indian National Congress, but I say this, with all the emphasis I can command, that there was no such motive on their part and that nobody can say that it was merely an electioneering tactics on their part. Nobody can see so far ahead. They came to co-operate with this Government. When they saw that there was no chance of co-operation they thought it was futile to remain. That was the burden of the speech of Pandit Motilal Nehru and it ought to have been gallant on the part of the Honourable the Law Member not to have alluded to it on the floor of this House when Pandit Motilal or his lieutenants were not present here to reply. Let me end my speech in appealing to the Home Member that if he wants to see the *dawn* let him look at the East—at us, and not to the Secretary of State in the West.

(An Honourable Member moved that the question be put.)

Mr. K. C. Neogy: Sir, the other day, while we were discussing the constitutional issue, my Honourable friend Sir Hari Singh Gour complained that Government had not helped us to establish conventions that would expand the constitution. My complaint to-day is not that the Government have not helped us in establishing conventions, but that they have broken a very useful convention in its spirit. Sir, the Finance Bill which we are discussing to-day represents a very important convention that was agreed to by the Government in 1921. There was no obligation on the part of Government, either under the Government of India Act or under the rules, to make the money Bill an annual event nor to submit to the vote of this House those items of taxation which were not proposed to be amended for the financial year. Yet, in spite of this circumstance, so far as the salt duty and the postal rates are concerned, the Government, of their own free will, agreed to be controlled by this House, in the exercise of the discretion which the respective Acts relating to those two taxes give them.

Mr. H. A. Sams (Director General, Posts and Telegraphs): Postage is not a tax. It is payment for a service.

Mr. K. C. Neogy: I will not quarrel about words. However, Sir, the fact remains that neither in regard to the salt duty nor in regard to postal rates are Government required to come up to this Assembly every year in order to be able to fix them. There is ample authority given to Government to regulate the rates under executive orders under the two Acts that govern these two matters. But, as I said, in 1921 they deliberately took

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the step of submitting themselves to the control of this House. Sir, in 1921, when I was a Member of this House, I considered this to be a very great constitutional advance. But what has been our experience? While appearing as if they were prepared to submit themselves to the control of this House, Government immediately went behind the decision of this House when it was against their own wishes. Therefore, I say that although we considered this to be a convention of great importance in 1921, this annual Finance Bill has been reduced to almost a meaningless formality now. His Excellency the Governor General has very often used his powers of certification in regard to items of taxation included in the Finance Bill when they were reduced by the vote of this House. The phraseology of the certification very forcibly reminds me of a similar phraseology used in the instructions that were issued nearly 200 years ago to General James Murray

The Honourable Sir Basil Blackett: I do not wish to interrupt the Honourable Member unnecessarily, but I should like to know what the certification of some Bill has got to do with this Budget, or what is his complaint

Mr. K. C. Neogy: I am pointing out that what might have been a very important convention has been reduced to a mere formality by the exercise, the frequent exercise of the powers of certification.

The Honourable Sir Basil Blackett: But what has that got to do with the Finance Bill?

Mr. K. C. Neogy: As I was saying, I was reminded by the phraseology of the certification,—“peace, tranquillity or interests of British India”—of a somewhat similar phraseology in the instructions that were issued to General James Murray, Captain-General and Governor in Chief of the Province of Quebec in America in 1760, at the conclusion of the war with the French when Canada passed into the hands of the British. In those instructions the Captain-General was instructed to constitute a Council of nominated officials and non-officials and it was entrusted to them to carry on the administration pending the summoning of a General Assembly of freeholders of the Province of Quebec. Although this Council was given very great powers in regard to administration it was under those instructions laid down that they were in the meantime to make “such rules and regulations by the advice of our said Council as shall appear to be necessary for the peace, order and good government of the said Province, taking care that nothing be passed or done that shall in any way tend to affect the life, limb or liberty of the subject or to impose any duties or taxes.” So it was considered essential about 200 years ago, when they were making the first essay at the establishment of civil government in Canada, to exclude from the purview of the nominated Council the power to impose taxes without the consent of the people, even on the plea of “peace, order and good government”. And yet, Sir, to-day the power which is seemingly vested in this House of controlling the purse and of levying taxes has been taken away by virtue of the extraordinary powers possessed by the Governor General of certification. I find the Honourable the Finance Member is rather impatient at this part of my observations and I do not therefore propose

The Honourable Sir Basil Blakett: I am impatient because I have not yet understood what the Honourable Member's point of view is. What is his complaint? That we did not certify the salt tax last year or what?

Mr. K. C. Neogy: You have done it in the past and there is absolutely no certainty that those extraordinary powers will not be brought into operation now. That is my submission.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): If we do not agree, you certify.

Mr. K. C. Neogy: The Honourable the Finance Member has maintained the level of taxation very high and as this fact has been referred to by previous speakers, I do not propose to offer any detailed criticism under this head. I will, however, point out that two administrative reforms have helped my Honourable friend a good deal in bringing this about and maintaining the high level of taxation. The first is the separation of railway finance from general finance. But for that reform we would have a much larger amount now at our disposal either to be devoted to wiping out the provincial contributions of those provinces which yet suffer under them, or to reduce general taxation. Sir, I shall briefly refer to a few features of our post-war finances of the Railways. First in 1918, as referred to by Sir William Meyer, a £20 million reserve was created for the benefit of the Railways. Sir William Meyer in his evidence before the Acworth Committee stated that this reserve was raided on account of the exigencies of the reverse councils policy. During the War, again, renewals and repairs of the railway rolling stock and permanent way were postponed with the result that the revenues were swelled beyond proportion, and the public were deceived into thinking that the Railways were earning much larger profits than would otherwise have been the case. The Retrenchment Committee have estimated that it would require Rs. 18 crores to overtake those postponed renewals and repairs to railway stock. The third point is that during the war when India was under the necessity of practically selling some of her railway stock for war purposes, instead of constituting the money into a reserve, the money that was obtained on the sale of our stock was credited to the revenues and was spent in the usual way by the Finance Member. The fourth feature is that, in order to overtake those deferred renewals and repairs, the rates and fares had to be increased. I do not say that that was the only reason for the increase of rates and fares, but certainly a portion of the increase of the freights and fares has to be set down to the fact that those deferred renewals had to be overtaken. Therefore we find during the war period the Government, thanks to their policy with regard to Railways, practically sold their assets and allowed their assets to waste away in order to have more money at their disposal to spend on general purposes. Later on, the user of the railway facilities was made to pay for overtaking these arrears of renewals and for replenishing the stock. Now that normal conditions have returned, naturally one would expect that the user of the railway facilities should get the benefit of a substantial reduction in the rates and fares that were put up partly on that account. But thanks to the policy that has been inaugurated just when the Railways returned to normal conditions, we have a very large reserve created. I am not complaining about the depreciation fund at all. This reserve amounts to over 12 crores to-day, and not a pice of this amount is going either to the general exchequer or to a

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further reduction in rates and fares, or to any beneficent scheme of Government activity. On the other hand, we find that the Honourable the Finance Member is paying interest on the reserves that would otherwise be at his disposal. Furthermore, the reserves are not considered ample even though they stand at the high figure of 12 crores.

Sir, the other administrative reform is connected with the Posts and Telegraphs and it arises out of the commercialisation of accounts. Sir, when we talk of commercialisation, we understand that it is commercialisation of the accounts, and not commercialisation of the policy of the Post Offices that we have to consider, because it is merely a change in the form of accounts and nothing more. It is very curious that, when it is nothing more than a mere change in the form of keeping accounts, the tax-payer is asked to surrender about 50 or 60 lakhs of rupees in the shape of interest charges. Sir, I have taken some pains to study the history of this commercialisation. In 1921, when the Finance Department found that the general finances of the country were at a low ebb, they were considering the question of raising such revenue as they could to cover the possible deficits of the future, and one of the items which they chose for taxation was Posts and Telegraphs. They appointed a firm of chartered accountants to advise them with regard to the commercialisation of accounts which was calculated to help them in realising their cherished desire of raising revenues. This body of chartered accountants were undoubtedly very great experts in the field, for I know that the tax-payer of India had not merely to pay their usual fees and their passage to India and back, but also their dentist's bill, their club subscriptions, and the charges for the entertainment of their friends, perhaps of both the sexes. Sir, it is as a result of the activities of these chartered accountants that we have got the new commercialised accounts. The Honourable the Finance Member the other day stated that there was no occasion for raising the point about the interest charge now when, as a matter of fact, this interest charge had been included in the postal accounts since 1921-22. Well, looking up the postal Budget for 1921-22, I find that this postal charge of 60 lakhs of rupees was not provided in the Budget at all. By a mysterious process of what is ordinarily known as financial jugglery, this was included in the revised estimates of that year, so that this House had not had the opportunity either of voting this amount or having its say on this question in 1921. Sir, when we refer to the Finance and Revenue Accounts of the year 1921-22, we find that it is stated that both the Post and Telegraph accounts were under a process of re-construction on a commercial basis and, although the commercialisation had not been completed, it had been decided to charge this interest on the capital calculated—I do not know on what principle—by the Department itself. Sir, the commercialisation has taken effect really from the year 1925-26, and I expect my Honourable friend the Finance Member to say how it is that, before the other aspects of commercialisation were introduced into the accounts of the Postal Department, this particular charge was included in the revised estimates of 1921-22.

The Honourable Sir Basil Blackett: The Honourable Member was a Member of this House at that time. I was not here.

Mr. K. C. Neogy: Yes; and it is because I was a Member of the House at that time that I have looked up these matters very carefully. I find that the Honourable Sir Malcolm Hailey in his budget

speech, when he presented the Budget for 1922-23, had not a word to say with reference to the revised estimate for 1921-22 in explanation of the appearance of this heavy sum under the interest charges. What he said with reference to the amount of one crore odd, which was included in the Budget of 1921-22 under revenue and was transferred to capital as a result of a vote of this House, was that he was inquiring into this matter and had charged a certain amount of interest on that amount, conveniently forgetting the very large amount of interest which had been included in the revised estimates for that year.

Mr. H. A. Sams: May I ask whether the 66 lakhs refer both to the Posts and Telegraphs Departments? Does not the amount include Telegraphs as well?

Mr. K. O. Neogy: Yes; I did not seek to separate the two Departments. I will come to that point later. Sir, I think it would require a good deal of explanation from the Honourable the Finance Member to-day if he wants to justify this inclusion of the interest charge without reference to this House in 1921.

The Honourable Sir Basil Blackett: It is easy to justify but it is not so easy to make it understood.

Mr. K. O. Neogy: I know it is very inconvenient to my Honourable friend to justify this. I want him to tell me specifically how is it that this interest charge was levied on the Postal Department with effect from 1921-22 while the other aspects of commercialisation were not given effect to till 1925-26. Sir, I will give my explanation. In 1921 the Honourable the Finance Member proposed to raise the postal rates and this House turned down those proposals. Later on—this is my suggestion—this expedient was resorted to in order to enable him to get at least a part of the revenue which he had expected from the raising of the postal rates, so that, although this Assembly defeated the Government in the first instance, Sir Malcolm Hailey defeated this Assembly in the end.

The Honourable Sir Basil Blackett: I just want to understand the position. Does the Honourable Member claim that this charge should not have been made, that it was not justified?

Mr. K. O. Neogy: I mean what I say. I say that this was not submitted to the vote of the House at any time in 1921-22.

The Honourable Sir Basil Blackett: I want to know whether the Honourable Member thinks that this is a justifiable charge or not?

Mr. K. O. Neogy: It is not for me to answer any question. I want the Honourable Member himself to answer me.

The Honourable Sir Basil Blackett: The question has been answered many times before.

Mr. K. O. Neogy: I want him to tell me how is it that this item came to be included in the revised estimates for 1921-22, and not in the Budget, without a single word of explanation in the speeches of the then Finance Member, and how is it that this interest charge has been levied with effect from 1921-22, although the other phases of commercialisation were not given effect to before 1925-26.

The Honourable Sir Basil Blackett: It would greatly assist me in answering the Honourable Member if he clears up one point. Does he claim that this is not a justifiable charge?

Mr. K. C. Neogy: It is not a justifiable charge. And, apart from that I say that you have absolutely no business to impose it from 1921-22, whatever may be your view with regard to the merits of this imposition. Sir, I have already said, that the commercialisation is merely of the accounts, and not of the policy of the Government of India, and therefore we refuse to accept any departure in the policy hitherto followed in regard to the Post and Telegraph Department. If I have studied this subject correctly, I think the policy of the Government of India in regard to the postal branch at least, has been to see that the volume of correspondence is not checked and that the rates do not act oppressively on the poorer classes. These, I venture to say, are the two principles that determined the policy of the Government in the past in regard to the Postal Department. I was agreeably surprised to find that exactly a similar policy obtains in the United States of America. In the United States of America from 1837 to 1922 the Post Office has shown a surplus in fifteen different years, and a deficit in each of the remaining sixty-one years. The variations in the balance from surplus to deficit during the nineteenth century and the variations in the amount of deficit reflect the general policy of the Government of the United States of America, and that policy is described as one which operates the Post Office on a service basis with primary regard to the general well-being rather than to the purely financial results obtained from such an enterprise. It is a curious fact, which may have some bearing on this question, that while the Post Office is run as a State department by the Government of the United States of America, the telegraphs and telephones are run as private enterprises. I maintain, Sir, that during the past half century or more, a similar policy was observed in India with regard to the Postal Department

(At this stage Mr. President vacated the Chair which was taken by Mr. Deputy President, Diwan Bahadur T. Rangachariar.)

. and we cannot lightly allow Government to make a departure from that policy to-day.

Then I come to the question if the Post Office is to be separated from the Telegraphs for the purpose of judging whether the Department is making any profit. I know the Honourable the Finance Member holds very strong views on this matter, but I do not know whether he has cared to study what has been the policy even in the recent past in this matter. I do not know whether he attaches any value to the opinion of his immediate predecessor, Sir Malcolm Hailey. If he does, I will read out an extract from the speech delivered by Sir Malcolm Hailey on the 22nd March, 1922, in this Chamber :

"My contention is, that as we are losing 170 lakhs on our Postal Department, we ought to make up that 170 lakhs, quite irrespective of the fact that we are making at the same time a small gain from the Telegraph Department, or the Opium Department or any other Department of the Government of India. . . . But the mere fact that you can bring them under one man does not mean that one Department should pay for the losses of the other."

I should like to have the opinion of the Finance Member on this very strong pronouncement of his predecessor in office. The principle seems to be that if it is to the advantage of the Post Office to be treated separately

from the Telegraph Department, it must not be so treated, but if it is to the advantage of the Telegraph Department to be treated separately from the Post Office then it must be so treated. On that occasion when Sir Malcolm Hailey made the speech quoted by me, he imagined that it was the Post Office that was working at a loss (which was not a fact) and that it was the Telegraph Department that was showing a profit. The policy of Government has all along been to favour the Telegraph Department at the cost of the Post Office, and it has been a policy of "Heads I win, tails you lose" with Government. I strongly suspect that in the allocation of revenue and expenditure as between the Post and Telegraph sides, the Telegraph Department has been dealt with unduly lightly. Sir, reference has been made by my Honourable friend, Mr. Rama Aiyangar, on another occasion to the very large contribution made by the Postal Department to the Provincial Governments under the head of "Civil Stamps"; and I know what the Government case is with regard to that question, and that these allocations and these commercial accounts have obtained the approval of the Auditor General. But I say that it is not enough that the Auditor General should be satisfied with your system of accounts and with the principle of allocation of revenue and expenditure. It is also necessary that this House should be satisfied that you are not giving extra credit to the Telegraph Department for any work for which the Postal Department is entitled to get credit. I suggest the Government should seriously consider whether it is not desirable to appoint a committee of this House to examine this new system of accounting and be satisfied that the Postal Department is not being made to sacrifice its revenue for the benefit of the Telegraph Department. Sir, I have little more to say on this point, and I hope that the Honourable the Finance Member will accede to this request of mine and not expect this House blindly to take his word that everything is well with the postal accounts.

Sir, I will next refer to a point which does not arise out of any item included in the present Finance Bill. I began by saying that the Honourable the Finance Member has been keeping up the high level of taxation, and I am going to point to an item which does not find a place in the Taxation Bill and which was imposed as a war measure. I refer to the high export duty on jute. This was imposed in 1916 as a war measure and the duties were doubled in 1917, absolutely doubled, on the justification that Government had to find money for the £100 million contribution for the war. This is what Sir William Meyer said on that occasion:

"We propose to make, on behalf of India, a special contribution to the Home Government for the cost of the war which, in one way or another, will run eventually to £100 million. That requires us to undertake, with effect from 1917-18, an annual charge of about £5 million. . . . In order to meet this liability we have thus to raise more than £3 million in additional taxation."

Then he goes on to describe the various items of taxation that have to be imposed.

"Having regard to India's monopolist position in respect of jute production, which enables taxation to be normally passed on to the consumer, we propose to double the rates above mentioned and thus to obtain an additional revenue of £500,000."

That was in 1917. I believe that there is no outstanding debt with regard to that £100 million sterling war debt. But during these few years more than 84½ crores (if you include the present budget figures) have been raised from this source. The Honourable Sir William Meyer was very positive that as jute was a monopoly of India, it would not hurt the producers to any extent

[Mr. K. C. Neogy.]

if export duties were raised. We find, however, that the Fiscal Commission, who considered these questions, have observed in their Report that :

“ it was only in the case of an absolute monopoly for which the demand is stable can it be asserted generally that the world price will be raised by the full amount of the export duty, and that therefore the whole export duty will be paid by the foreign consumer and none of it by the home producer. An absolute monopoly however for which there is a stable demand is of rare occurrence; and it may, therefore, be taken as a general rule that some portion, if not the whole, of an export duty falls on the home producer.”

If this opinion of the Fiscal Commission is correct, then I maintain that you have been taxing the people of Bengal in order to get this huge revenue from the customs duty on jute. And what does the Government of Bengal get in return? The Government of Bengal's provincial contribution which has been suspended amounts to a few lakhs, whereas the duty that the Government of India receive annually from this source amounts to not less than 8 crores on an average. You expect the Government of Bengal to help the production of jute with the assistance of its Agricultural Department, but not a pie is contributed by the Central Government to help the Government of Bengal in undertaking this task. (*An Honourable Member*: “63 lakhs.”) When you make a net gain of 3 crores and odd annually! If that is the standard of justice of the Honourable Member from Madras, I will have nothing to say. The export duty falls on the producer. The Fiscal Commission says so. (*An Honourable Member*: “Will you read again what the Fiscal Commission says?”) I dare say my Honourable friends, if they take any interest in this subject, have read the reports occasionally appearing in the newspapers as to what efforts are being made in other parts of the world to find a substitute for jute. How do you know that by the policy of a high export duty on jute, you are not driving the consumers abroad to finding a substitute for jute, that will ultimately be the ruin of Bengal agriculturists and will deprive you of this revenue? As this item does not appear in the present Finance Bill, I do not want to say anything more. I trust that when the Finance Bill comes up next year, this item will be carefully looked into, and adequate adjustments will be made not only under this head but also under some other heads of taxation—in favour of Bengal.

(Several Honourable Members moved that the question be put).

Mr. Deputy President: The question is that the question be now put.

The Assembly divided :

AYES—8.

Ajab Khan, Captain.
Dalal, Sardar B. A.
Joshi, Mr. N. M.
Lindsay, Sir Darcy.

Muhammad Ismail, Khan Bahadur
Saiyid.
Roffey, Mr. E. S.
Stanyon, Colonel Sir Henry.
Willson, Mr. W. S. J.

NOES—14.

Abul Kasem, Maulvi.
Aiyangar, Mr. K. Rama.
Akram Hussain, Prince A. M. M.
Das, Mr. B.
Ghasanfar Ali Khan, Raja.
Gidney, Lieut.-Col. H. A. J.
Gour, Sir Hari Singh.

Hussanally, Khan Bahadur W. M.
Kasturbhai Lalbhai, Mr.
Lohokare, Dr. K. G.
Mahmood Schamnad Sahib Bahadur,
Mr.
Neogy, Mr. K. C.
Pal, Mr. Bipin Chandra.
Yakub, Maulvi Muhammad.

The motion was negatived.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I do not want to make a long speech at 4 P.M. this late hour of the day when Members are really tired, but there is one thing very important, in my view, about which I want to make a few observations. My chief complaint is the same as the complaint of Dr. Macphail, that is about the miserly and stingy policy of the Government of India towards educational institutions under the direct charge of the Government of India. In this connection I beg to say that I really feel very disappointed and indignant at the niggardly way in which the educational institutions directly under the Government of India, like the Benares Hindu, the Aligarh Muslim and the Delhi Universities have been treated in a year of a surplus Budget, and I cannot thank, even formally, the Government of India's Department of Education or the Honourable the Finance Member for the undignified grants which they have given to these Universities. Now, Sir, the all-India character of the Aligarh University is shown by the fact that this institution attracts students not from any one province only, but from all parts of India, and not only from Muslim communities, but from Hindus and other communities as well. So far as Muslims are concerned, we get students not only from India but also from other places outside the country, for instance from Ceylon, Persia and Muscat. The total number of students now, including the Intermediate College and the School, is 2,736. In 1925, there were 181 regular Hindu and 2 Christian students, and since then their number has been increasing. Last year the number of Hindu students who took part in the examinations of the University was 869. Then, Sir, we have a Chair of Sanskrit in the University and we claim distinguished personages like K. Jagdish Pershad, Secretary to the Government of the United Provinces, and the late Dr. Satish Chandra Bannerjee, and Raja Mahindra Partap Singh, amongst the alumni of the Aligarh College. Thus, while it is true that the main object of the Muslim University is to provide for Muslim education it is at the same time serving the educational cause of the country as a whole. It is not only since the passing of the University Act, that it has acquired this status of an all-India institution. It has enjoyed that now for over 50 years—a distinction which no other institution in India can claim.

I do not want to detain the House very long. As regards the urgent needs of the Muslim University, Aligarh, I will only point out that our urgent needs, at present, are as follows: For the increase of the staff we require a sum of Rs. 72,000; for Fellowships we require a sum of Rs. 30,000; for the recurring expenditure on the library we need Rs. 6,000, for the library building we require a sum of Rs. 1,00,000 and for books Rs. 2,00,000. For a School of Technology for recurring expenditure we require Rs. 15,000 and for non-recurring expenditure 5 lakhs. For laboratories we require a recurring expenditure of Rs. 12,000 and a non-recurring sum of 3 lakhs. For the University boarding houses, for 600 students, we require a non-recurring sum of Rs. 3,50,000. At present our hostels and boarding houses are altogether too congested and there is not room for a single student. In fact, we have hired many bungalows outside the University compound. Then for a model school, boarding house and staff quarters we require 2 lakhs. For buildings for the Training College and boarding house and staff quarters we require 2 lakhs. Then for a Museum we require, of course under different heads, Rs. 6,000 as recurring expenditure and 2 lakhs as non-recurring. Then for the expansion of the hospital we require Rs. 50,000 and for the gymnasium Rs. 25,000. For quarters for the

[Maulvi Muhammad Yakub.]

University teaching, ministerial and menial staff we want 1 lakh and for building of an Intermediate College we want 1 lakh; for Mosques for the Intermediate college and school Rs. 35,000; for Senate Hall 3 lakhs; for the building for the Union Club Rs. 50,000, and for a University Press we require Rs. 25,000. The present income of the Muslim University is about 5 lakhs a year, and the expenditure according to this year's budget is about 5 lakhs and 53 thousand. Now, Sir, these are our immediate and essential needs which I have briefly put before you. And as regards the other two Universities, I am bound to say also a few words. The Benares and the Delhi Universities have also got equally strong claims on the Government. I know how very anxious my Honourable friend Pandit Madan Mohan Malaviya was to advocate the cause of the Benares Hindu University. He was really sorry he could not get an opportunity of doing so at an earlier stage; and I am sorry that he is absent this afternoon on account of important work in connection with the Hindu Maha Sabha. But let me point out that he has already circulated a financial statement of his University which shows that the Benares Hindu University is under a debt of about 22 lakhs of rupees, if I am right, and the financial position of the Hindu University therefore is also in urgent need of the attention of the Government of India. About the Delhi University I need not say anything; I must leave it in the hands of a more eloquent and strong advocate of that University, the Vice-Chancellor, Sir Hari Singh Gour.

In conclusion I must assert that this attitude of the Government of India towards educational institutions of all-India status is a clear indication of the Government's apathy towards our national aspirations. There is no country in the world where the State spends so little on the education of the people. It is not too much to hope that the Government will soon see their way to raise the recurring and non-recurring grants of these Universities to a sum which may be consonant both with the requirements of the institutions themselves as well as with the dignity of the Imperial Government.

With these remarks, Sir, I will close my observations.

Lieutenant-Colonel H. A. J. Gidney (Nominated: Anglo-Indians): Sir the reason why I am taking part in this debate at such a late hour is in response to the two speeches I have just heard from my Honourable friends Dr. Lohokare and Mr. Das. Sir, I hold no brief for the Finance Member but I was truly astounded when I heard what Mr. Das had to say regarding Indianisation of the Imperial Bank. Sir, I have been at considerable pains to ascertain the exact position in this institution, so far as Indianisation is concerned, and it might surprise this House when I give it the other side of the picture in which special schemes have been inaugurated by the Bank Governors for the training of Indians in this Bank. So pro-Indian are these schemes that the Managing Governor of the Bank himself was ignorant of the fact that Anglo-Indians, as statutory natives of India, were included for employment as Indians, and therefore they had been till quite recently precluded from recruitment in this scheme. Now, Sir, I know that there are to-day in this Bank over 300 Indians in the superior service or being trained as apprentices for employment in the superior services, and for Mr. Das to make such a wild statement as he has just done puts me in mind of that old saying "a little knowledge is a dangerous thing".

Mr. B. Das: Sir, on a point of order, I strongly object to this. I say that there are not 50 per cent. of Indians in the superior service of the Imperial

Bank, nor are they recruited in that fashion. The statement that was issued about six months ago by the Indian Merchants' Chamber of Bombay showed the proportion of Indians to be very small and that Indians would not be recruited into the superior service of the Bank because they were not trained in England and other places. You are referring to the subordinate cadre recruited in India (something like the Government provincial services).

Lieutenant-Colonel H. A. J. Gidney: I am not talking of that; I am referring to that department or scheme in which Indians are being trained for superior appointments. There is a special scheme for the training of Indians for entertainment in the superior branch of the Imperial Bank and there are to-day over 300 Indians in that cadre.

Mr. Deputy President (to Mr. B. Das, who rose again): Order, order. It is not a matter of explanation.

Lieutenant-Colonel H. A. J. Gidney: Sir, as I said, a little knowledge is a dangerous thing, but it was the Irishman who said that no knowledge is crass ignorance. Mr. Das has really brought to the notice of this House a condition that does not exist at all except in his own imagination. Now, Sir, I take this opportunity of asking the Finance Member if he will say on the floor of this House whether it has or has not hitherto been the policy of the Imperial Bank to exclude Anglo-Indians from this Indianisation scheme. I ask the Honourable the Finance Member if he will be so kind as to give me a definite answer on this point. Dr. Lohokare, as also Mr. Neogy, accused the Finance Member of the wisdom and justice of the salt tax. I think it was once called by Sir Campbell Rhodes, a late Member of this House, not the "Sodium chloride" but the "Odium chloride" tax. Now, Sir, I approve wholeheartedly of the salt tax, and I think the position could be summed up in a few lines of verse which I have transposed from the Holy Scriptures, that part which speaks of the salt having lost its savour. I would put it in this way:

"Ye are the Members of the Assembly,
But, if the Budget hath a deficit,
Wherewith shall it be balanced,
Unless it be salted?"

I am disposed to apply these lines to the need and justice of a salt tax and its continuance in this year's Budget.

I am presenting a bouquet of nice-scented roses to the Finance Member without any thorns. I think that the greatest thing, among his many other good deeds, His Excellency Lord Reading has done for this country is to have given India Sir Basil Blackett as its Finance Member. I look upon him as the saviour of India's finances, and I am sure that our future generations will appreciate and pluck the fruit from the carefully selected trees which Sir Basil Blackett has planted in the garden of India's economic welfare. (Applause.)

Now, Sir, there are certain other points I wish to raise in this House which concern my Honourable friend, Mr. Burdon, in particular. Various Members have suggested extravagance in the military Budget and asked for further economies. We have heard our military expert, His Excellency the Commander-in-Chief, as a soldier both, very correctly say that he cannot reduce it any further at present. I am not in a position, nor do I desire to put myself in opposition to such expert knowledge, but we have heard the same statement made in the House of Commons by the Secretary of

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State for War regarding the military estimates of the British Army. The same has also been said of the British Navy estimates. But to-day what do we read in the Press? There are considerable reductions in both those two estimates and so, Sir, I feel emboldened to suggest to this House a means by which economy can be effected without a reduction in efficiency. In previous years I have stressed economy in the Military Medical Budget. I have before me certain figures which I am sure will astound this House. There is a department known as the Royal Army Medical Corps. Its total cadre is about 280, and it will surprise this House when I tell it that nearly one-half of that cadre consists of officers of the rank of Major. There are besides 8 Colonels and 3 Generals, but there are only 9 Lieutenants. Now compare this with the I. M. S. which has a total cadre of nearly 800. It has but 189 Majors as opposed to 130 in the R. A. M. C. It has 95 Lieutenants and 275 Captains. Now, Sir, I ask the Honourable Member to explain this condition. I have no doubt he will be ready with an answer to satisfy the House—as he always does—but I would like to know why the British Army has this large number of Majors drawing a high rate of salary performing duties that should be performed by junior officers of the rank of Lieutenants and Captains.

Mr. E. Burdon: May I give the answer to that now. The reason is that there is no recruitment for the R. A. M. C. at present because it is said that the rates of pay are inadequate and consequently we can get no junior officers; and, so in order to get junior officers, extra expenditure would be entailed.

Lieutenant-Colonel H. A. J. Gidney: I thought the Honourable Member would say that, I thank him, but I am not satisfied. But there is a remedy to this extraordinary condition and it is this. Remember the Indian tax-payer is called upon to pay a large sum of money for this employment of senior medical men obviously doing the work of junior officers in face of the fact that you have an army of trained medical men here—the I. M. D. who could be safely employed for this work, especially those possessing British qualifications. I say, Sir, it is unjust to ask the Indian tax-payer to pay such enormous salaries to these senior officers. The remedy is to utilize that splendid body of men whom we have got here, the I. M. D. Do not use them as you are doing to-day in British Station Hospitals, as glorified compounders and clerks. That is the remedy I would suggest, or return your Majors to England and in their place bring out a sufficient number of Captains and Lieutenants. I have no doubt that this will not appeal to the Army Department because it is said that the British Army comes to this country on certain terms, one of which is that it must have its own white British medical men. Failing this, Sir, I submit the maintenance of the I. M. D. is an absolute farce, and the expenditure of all this large sum of money on the employment of 130 Majors who form almost half the total cadre of the R. A. M. C. is also a wanton waste of the Indian tax-payers' money. With all respect I urge the Honourable Member seriously to consider this means of economy in which retrenchment can be safely effected without affecting the efficiency of the Corps.

Now Sir, we come to another branch of the Medical Department and one upon which also I have previously spoken. I refer to that body of really noble women known as the Queen Alexandra's Military Nursing Service in

India. Sir, it will surprise this House when I tell them that nurses recruited for this Service in England, temporary nurses, to fill vacancies here, are paid at a rate of pay which is more than what a subaltern gets and even more than the initial pay of an I. C. S. officer. It will surprise them to be told that a young nurse, a girl of about 22 years of age, who comes out to this country gets Rs. 250 a month. She receives an allowance of £25 for uniform; she is given a first class passage to India and back on a year's contract of service; she is given free quarters, and in some cases free servants; she has free lights and many other things free, bringing her salary up to nearly Rs. 500 a month, which the Indian tax-payer is called upon to pay. On the other hand we have in India, at our very doors, a wonderful body of domiciled European and Anglo-Indian nurses trained by the best men in this country, well qualified for this work, but who for want of it are now swelling the ranks of the unemployed or driven to typing and other inferior work. I say here there is another avenue in which economy could be safely effected. It is all very well to say that the British soldier must have his white nurse imported from England—a privilege even denied to British babies. There was a time, Sir, when the Army gladly took these nurses. Their services were utilised during the Great War and you were glad to have them then. To-day if you had another war you would again want them, but after such treatment would they come as before? I do urge the Army authorities to utilise this body of qualified women and so economise and reduce the military Budget.

Sir, there are other matters which I must present before the Military Member, and which I am sure he will answer just as well as he did the last one. One of these refers to pensions. The I. M. D. is a body of men of which the Anglo-Indian community is justly very proud. They have performed services to the Empire and British Army which none can deny. They are undeniably an inseparable part of the British Army. I challenge contradiction of this. They have served with the British Army and added lustre to the records in all theatres of the last War. This Department is therefore entitled to equal rights and privileges which are given to departmental and warrant officers of other departments, but these are denied them. Recently new pension rates have been sanctioned for warrant and departmental officers of other departments. The only exception made in this is the I. M. D. which has been left out. I ask, why? Is it because they are recruited in this country? Does this alter the fact that they are an all-India service under the control of the Secretary of State and that they are an inseparable part of the British Army. That they are one of the Departments of the British Army and that their salaries are non-votable, why should they be treated with such conspicuous difference? I believe this matter is to-day receiving the serious consideration of the Military and Finance Departments, and I mention it in the hope that a decision will be expedited and that there will be no difference whatever in the scales of pensions between the I. M. D. and the India Unattached Lists, and that, when sanctioned, it will have equal retrospective effect.

Another point, Sir, is this. The I. M. D. is given a certain percentage of commissions—I believe 10 per cent. of its cadre. Since August 1922, not a single commission has been given to this Service. I am told that the delay is due to a difference of opinion between the Medical and Army Departments, but I ask the Honourable Member, is it fair to these men, many of whom are on the eve of retirement, others who have retired and

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who have been deprived of promotion with its enhanced pension pay, also others who have waited many years for their commissions and are considerable financial losers? I understand the difference of opinion hinges on the supernumerary commissions hitherto given to those I. M. D. members in civil employ. Now, Sir, these men enlisted in the I. M. D. with certain prospects, with certain vested interests; they came into the service with certain ambitions in life—commissions being one of the chief. For the Army Department to close promotion to the commissioned ranks to them for the last four years simply because departments differ in opinion and cannot make up their minds and the Inchoape axe has reduced its cadre is, I consider, most unfair to this splendid body of public men. I believe the matter is now before the Army authorities and is receiving their attention, but I do plead with the Honourable Mr. Burdon who, I know, is a friend of the Department to expedite the settlement of this really serious hardship and grievance which is especially felt by the senior members of the service. Now, Sir, there is yet another matter which has created an invidious distinction between the I. M. D. and the officers of the India Unattached List.

(At this stage the Chair was resumed by Mr. President.)

Now, Sir, I have before me an order issued by the Quartermaster General with the approval of the Secretary of State for India which sanctions the allotment of Rs. 50,000 for giving free passages to warrant and departmental officers, who are of non-Asiatic domicile, which allowance, I believe, is to take the place of indulgence passages to England which will cease. Now, Sir, over 90 per cent. of I. M. D. men are members of the Anglo-Indian and domiciled European community; they are of Asiatic domicile and so they are statutory natives of India. They however belong to a service which is acceptable to the British Army of which it forms an integral part, and to deny them this privilege of going to England simply because of their domicile is, I consider, a serious and unmerited grievance and hardship.

There are other matters which should be brought to the notice of the Army Department. One of them is the refusal to give a daily allowance to Indian Medical Department officers when they are travelling on duty away from headquarters. Other matters of minor importance are with reference to the duty rooms attached to British Station Hospitals where I. M. D. officers are expected to rest. In some of these there is not even a washstand provided for them to wash their hands, a military bed and chair forming the only furniture on a bare floor. This is surely not a proper way to treat a respectable body of qualified medical men. I submit, Sir, it is these little things that go a long way to create unhappiness and discontent among subordinate departments—the I. M. D. which, I am glad to say, is still the preserve of the Anglo-Indian community. There are also other matters which I should like to bring to the notice of this House. I. M. D. officers are sometimes provided with dilapidated and dangerous bungalows to live in, when free military quarters are not available for them. This should be remedied.

There is another important matter, Sir, on which I seek information. I refer to the position as a whole of the I. M. D. in India. I understand—I speak subject to correction by the Honourable Member in charge, who I know is always ready to do what he can for my community, for which I take this public opportunity to thank him—when the Inchoape

axe fell on this service, nearly 100 men were thrown out of employment. Most of these men were married with families, a fact to which the Inchcape Committee were oblivious. They were expected to earn a living from a community that was inherently impoverished and poor; they were thrown into a country where even the British qualified doctors find it difficult to earn a living wage. These men were discharged with certain meagre pensions, and some were given inadequate compensation. I spoke on this matter, Sir, about two years ago when I cautioned Government of this excessive and ruthless retrenchment. I understand that to-day—and here I again speak subject to correction—that the civil side of the Medical Department in India is crying out for I. M. D. men for civil employment, but the military side have retrenched these men to such a fine point that they cannot spare even a single man for the civil side. Sir, these men joined the I. M. D. with certain attractions and vested interests, the same as did the I. M. S. men. They understood they would receive a certain number of civil appointments. The Inchcape Committee I now see have retrenched the I. M. D. to such an extent that there is not one man to spare for these civil appointments. I ask the Honourable Member in charge of this Department whether he will now favourably consider applications for re-employment from men who came under the Inchcape retrenchment? I mean those men whom the Department consider as suitable for re-employment. I think it is the obvious duty of Government to protect the vested interests of these men as is indicated in paragraph 346 of the Montagu-Chelmsford Report, especially with regard to the exclusion of I. M. D. from civil medical employment in the Punjab and the United Provinces and where the Government of India could have rightly used such powers. This brings me, Sir, to observe that all these things have created such a feeling of uneasiness and uncertainty, indeed of alarm in the minds of the community in the European schools in India, who alone supply candidates for this Department, that I understand this year there were only 7 passed military medical pupils who have joined the I. M. D. There is, therefore, a serious paucity of students. The Government, I understand, think this is because the standard of preliminary education has been raised. I cannot agree with this view, because the percentage of higher education in the community stands to-day very much higher than it was five years ago. The same applies to our University education. Men in the I. M. D. live a life of great uncertainty, they do not know what is going to happen to them and the Department: they do not know whether the R. A. M. C. (Ranks) will replace them as is rumoured. They have effected their insurances and are tied down to certain financial liabilities. Their children must be educated. This uncertainty enhances their difficulties. Young men will not enter the colleges on this account. I ask the Honourable Member in charge of this Department whether he is able to assure me on the floor of this House, that the future of the I. M. D. is not as uncertain as it is rumoured to be, and that I can with assurance and in good faith recommend the community to enter its ranks. Indeed the community has always been keen to enter Government services, but they see no security in the I. M. D. They ask for an assurance; I do so also.

I cannot talk in the same glib manner as my friend Mr. Muhammad Yakub did when he spoke about Muhammadan education, because if I were to ask for a few lakhs of rupees only for Anglo-Indian education—not crores as he has done.

Mr. B. Das: You have got more than your share.

Lieutenant-Colonel H. A. J. Gidney: I would be howled down for seeking preferential treatment; so I shall be silent on that matter.

I now come to the last point which is a question that has agitated, and is to-day agitating the community which I have the honour to represent. Indeed, it is one which I believe is also agitating both the Indian Government and the Home Government: I refer to the admission of Anglo-Indians into the Army and the formation of an Anglo-Indian Unit or Battery. I consider, Sir, that the time has come, indeed is long passed, when Government must make a definite pronouncement; and to use my friend Diwan Bahadur Rangachariar's phrase, when no more shilly shallying and dilly dallying will be tolerated. The community has proved its fitness for military service, and if the Government of India have any regard for us and our future position in India—if they are possessed of any gratitude—they should grant our request without any further delay. Even the late Lord Rawlinson said we were a military asset to India, but I ask, what is the use of merely stating this on paper, when I find to-day that I cannot enter the Indian Army because there is no caste there to take me into, and I cannot enter the British Army because I am not a Britisher, and yet the Britisher is responsible for creating the Anglo-Indian community. Sir, the two German Zeppelins which were brought down in the last war were brought down by two members of the domiciled community, Lieutenant Robinson and Lieutenant Waneford. If the community can produce men of this type, men who did heroic deeds during the War, I ask, are we not fit to form one regiment of the Army in India? It is stated to be a question of military economy. I wish economies were honestly practised in departments which could easily stand them. It is said you cannot replace a British or an Indian unit by an Anglo-Indian unit, but it seems you can with impunity squander the Indian tax-payers' money, our money—on maintaining a Corps of Majors and expensive nurses which money could support an Anglo-Indian unit. Sir, this is no longer an Army question—as General Sir George McMunn, late Q. M. G. in India, who is one of the living authorities on these questions said—it is a Government of India question and one of the biggest Anglo-Saxon blunders has been in not using members of the Anglo-Indian community in the Army, men, who, in point of loyalty, have always stood by their King and country. Sir, here is the Anglo-Indian community begging to be allowed to serve their King and country in its defence, and all that we are told is that our men have proved themselves quite fit for the Auxiliary Force, and we must rest at that. Sir, call this rank injustice, crass ingratitude to a loyal community whose one fault is that it is dying of loyalty. Is our loyalty to be penalised and victimised in this manner? I consider, Sir, that the time has come when the Government of India should seriously consider this question. We are found fit for the Auxiliary Force, of which we form at least three fourths, and even here we are not given an adequate percentage of commissions. Can any loyalty and patriotism stand this strain much longer? Is it surprising when I say our youth are getting restive? Reflect on the grotesque position we are placed in the New India, competing with the Almighty in our trinity of existence, *i.e.*, for social purposes, we are called Anglo-Indians, for occupational purposes, we are called statutory natives of India, and for purposes of the defence of India, we are called European British subjects. How can a community saddled with this handicap make any headway? How can they take part in the progress of New India, as we see it being developed unless they are given a definite status in their country? I submit—give me a definite status, and I shall have a definite goal, but do not let us go about like sheep wandering in the

wilderness answering to different names for different purposes to suit the conveniences of the civil and military departments of the Government of India. On behalf of the future generations I demand from the Government of India, Sir, a clarification of this situation. They must settle it once and for all, and if the Government of India say they are prepared to give us an Anglo-Indian regiment either in the cavalry, infantry or artillery, then let them plainly say so, irrespective of what the Army authorities say. Sir, I cannot conclude my remarks without making an appeal to the Honourable Member in charge as also to the Government of India, and I ask them in the interests of all concerned, in the interests of the community which I have the honour to represent, and in the interests of British fair play, not to play with the community any longer, and to keep them as hewers of wood and drawers of water, which we refuse to be any longer, but to give the Anglo-Indian community, which was created by the British nation, an honourable, responsible and respectful position, however small it may be in the defence of its country, its motherland—India. We demand this not as a favour or privilege but as a just and a well-earned and merited due and claim.

Mr. Mahmood Schammad Sahib Bahadur (West Coast and Nilgiris: Muhammadan): Sir, I also oppose the Finance Bill and I do so on two grounds. One is that all these additional taxes were imposed during the years when there were large deficits. Now, therefore, when there is a surplus, it ought to be applied to reducing taxes. The other reason is that there are several directions in which there is unnecessary and wasteful expenditure. If this waste is curtailed, there will not be any necessity for such heavy taxation. I will quote, Sir, a few instances. Every year Government are spending a large amount of money in the Andamans simply to maintain it as a penal settlement. Although it is now condemned as such and it was also decided to close it as such, they maintain it simply to provide cheap labour for certain capitalists. The other day the Honourable the Home Member said that these islands are very fertile and will be a very valuable asset to India. All right. Nobody denies that. But you can do it with much less expenditure and in a much less objectionable way. I shall explain how expenditure could be curtailed and also how the objectionable and expensive methods could be removed. The expenditure in 1924-25 was Rs. 41½ lakhs while the income was only 18 and odd lakhs. So we had to spend about Rs. 28 lakhs more than the receipts. If only half of this amount is spent for some years in helping the colonists to go and settle there, in giving them other facilities, in clearing the jungles and in other matters, people will go and settle there in sufficiently large numbers, health, etc., will improve, there will be more trade, the harbour will develop and the income also will increase very largely, so much so, year after year, that there will be large savings. Sir, with your permission, I shall read a few lines just to show how this expenditure could be avoided and how the thing could be done in a much less objectionable way. The Jails Committee say:

"There can be no doubt that the employment of convicts in the cultivation of rubber and coconuts involves much exposure to weather and is otherwise hardly consistent with sound methods of prison administration. It necessitates the convicts being very much scattered, thus rendering supervision difficult and facilitating the continuance of some of the existing abuses noticed above. The heavy rainfall of the islands during the great part of the year is trying to the health of the prisoners. . . . Moreover, the financial success of the undertakings involves an element of doubt. If they are as profitable as their advocates suggest, there should be no difficulty in making them pay under the same conditions as those which regulate similar enterprises in Burma, the

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Straits Settlements and the Dutch Colonies, that is, by the employment of free labour. If, on the other hand, convicts are needed in order to show profits, we think it is probable either that all the elements of cost in the supply of the convict labour are not taken into account or that the necessity of treating prisoners with due consideration has been lost sight of. Convict labour is notoriously less efficient than free labour and is, therefore, *prima facie*, more expensive, nor does the absence of a wage-bill usually make up for this, when the cost of guarding, maintenance, superintendence and capital outlay are all fairly allowed for. Moreover, in the case of the Andamans, this cost is enhanced by the expenditure involved in transporting to the islands not only the convicts themselves but their food, clothing and almost all the necessaries of life. * * * We are strongly of opinion that the future of the Andamans as a penal institution should not be decided on the basis of the actual or potential value of the islands as a commercial or industrial proposition."

Sir, there is no scarcity of free labour. They could get any amount of free labour, and that much more profitably, if the Andaman Islands are governed as other parts of India are governed, and if the same laws are made applicable. Now there is no law there. The will of the Chief Commissioner is law; no lawyer can go there. People can be shot or hanged for mere assault; and there are several instances. Of course all this is done simply to supply cheap labour to certain capitalists. There is an enormous waste of money. It is admitted by the Government that free labour can be obtained without difficulty. Paragraph 12 of the Government of India Resolution says:

"Free labour can now be imported at moderate rates and Government itself has been successful in establishing a small but genuine settlement of some 30 Karen families in the same locality where labour is required for forest work. A party of 160 returned emigrants from Natal recently arrived in Port Blair with the intention of settling in the islands and Government will welcome further parties."

So, it will be seen that there is no scarcity of free labour. This objectionable method of employing prisoners is simply resorted to in order to supply cheap labour to these capitalists. When we went to the islands there was with us on the same steamer a party of about 120 coolies who had returned from Fiji, Natal, etc. They had been told that they would get all facilities and some loans from Government and that certain other inducements would also be given to them. But when they went there, they were given no facilities and we were told that they were in difficulties. One Muhammadan with his wife and child had to return by the same steamer with us and some of us had to subscribe for his return passage.

Mr. President: Order, order. The Honourable Member must connect his observations with the Finance Bill.

Mr. Mahmood Schamnad Sahib Bahadur: They do not encourage free labour. It would be cheaper to have free labour and yet they want to have this expensive method of employing these convicts, which is resorted to only to help certain capitalists. All the important Government plantations have been given to European capitalists. There is a Mr. Vernick who has been given thousands of acres of Government coconut plantations, which yield an income of more than one lakh of rupees and they have not taken anything

The Honourable Sir Alexander Muddiman: I am unwilling to interrupt the Honourable Member, but on the plantation in question there is no convict labour.

Mr. Mahmood Schamnad Sahib Bahadur: That was given to him without taking anything in compensation for the capital that has been spent on

these plantations. He also admitted that he had got about 100 Assamese coolies in these plantations. If these are given in small lots to a large number of poor Indian coolies, they will go and settle there and free labour also will be available. Government are resorting to this method of making use of convicts with an ulterior motive. The Government Resolution says that the Moplahs are very happy there, and that they went there of their own free will. This is quite untrue. They were compelled to go there. It is quite untrue to say that the Government scheme has proved successful. They never went of their own free will, and after going there they were forced to bring their families. In order to induce them to do so they were given very hard labour and they were told that if they brought their families they would not be so treated. If they murmured they were tied and whipped and there are several instances of this. Then they had to write to their families . . .

The Honourable Sir Basil Blackett: Sir, may I appeal to you for the protection of the House against this?

Mr. President: The Honourable Member must come to the point.

Mr. Mahmood Schamnad Sahib Bahadur: In this way they have swelled the expenditure. They could do all this with the Moplahs because they know that the Moplahs are dumb, they have no platform, no press and they are not so vocal . . .

Mr. President: The Honourable Member must understand that all this has nothing to do with the Finance Bill.

Mr. Mahmood Schamnad Sahib Bahadur: So I oppose the Bill.

Mr. Kasturbhai Lalbhai: If I intervene to-day in this debate it is only with a view to express on behalf of the textile industry our very best thanks to the Honourable Members for getting the historic wrong of the cotton excise duty righted. I am particularly glad at the same time to find that the abolition of the cotton excise duty has not deprived the provinces of the refund of their contributions. It gives me great pleasure that after 30 years of ignominious imposition we have seen the final abolition of the cotton excise duty during the lifetime of this Assembly, and no small credit is due to the non-official Members, both Indian and European, for their vigorous advocacy of the abolition in spite of the various objections urged on the side of Government, I should be failing in my duty if I were not to offer my thanks to His Excellency the Viceroy and the Members of Government. It is to be hoped that the Honourable Sir Basil Blackett, as the pall bearer who is to give the statutory burial to the cotton excise duty, may inter the coffin sufficiently deep so as not to be discovered by any of the future archæologists. Sir, I feel confident that with the abolition of the cotton excise duty the textile industry, which is a great national asset, will be able to stand better on its legs and face foreign competition.

The Honourable Sir Basil Blackett: This debate, as usual, has ranged over a very wide field, and it is going to be a difficult one for me to reply to because it has been rather specially diffuse. I shall come later in my

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speech to some remarks as to the use made of the opportunities for discussing the Budget and the Demands for Grants this year. First I desire to plunge into an attempt to deal with some part of the mass of special points which have been raised during the discussion.

The military expenditure rightly came in for a considerable amount of examination. I do not think that those who spoke on this subject were altogether just to the Government of India in regard to the reduction which they have effected this year following on the continuous reductions in previous years. Mr. Rama Aiyangar, whose figures I was not entirely able to follow, seemed to think that there had been no reduction. I think he made out that on the whole there had been an increase. He carefully added up certain items which were non-recurrent and mentioned as non-recurrent in the Budget for the current year and I think it came to a total of Rs. 137 lakhs for those figures, and then he said that, as the total reduction was only about Rs. 137 lakhs, there was no reduction at all. But he was careful to ignore the figures on the other side, special credits, for instance, in regard to surplus stores which had been reduced, as I said they must necessarily be reduced next year, in comparison with this year and the year before. He asked how I justified my statement a year ago that I expected a further important reduction of military expenditure in 1926-27. My answer is that I justify it by pointing to the figure of Rs. 54.88 crores as the estimated expenditure for 1926-27 as compared with Rs. 56.25 crores for 1925-26. Is that not a further important reduction? The Honourable Member went on to draw attention to the extra expenditure on equipment, both in the current year and in the next year. I have already in another place referred rather fully to that. We have been ever since the war and particularly since 1923 engaged in examining into our stores accounts and discovering how far our stores are surplus, exactly what stores there are and how they are being used, and what stores we really require. The upshot of those inquiries has in the event been to prove that there is certainly something wanting in our existing methods of keeping our stores accounts as we rather suspected. Certain immediate shortages have come to light which we have had to make good. That is the explanation of the special expenditure which I have referred to. Meanwhile, we are conducting a fuller inquiry into the whole position the result of which, I have no doubt, will be greatly to improve the situation as regards the future and possibly to bring to light further surplus stores of which we are not absolutely sure at the present time. I should like to say in answer to something which fell from Colonel Crawford in an earlier debate, that the reduction in the stocks and the necessity for replacing them rather suddenly were not due to any refusal on the part of the Finance Department to find funds. It was due ultimately to the absence of complete knowledge of what stocks various military departments concerned held and what they really required, knowledge which we have now supplemented by an examination. Other speakers spoke of military expenditure. As a rule the points which they raised were points of detail which will in due course, I have no doubt, be fully looked into by the Army Department. In some cases,—this particularly refers to my Honourable friend, Colonel Gidney—the Honourable and gallant Colonel was I think giving us a summary of the representations made by him to the Secretary of State. Those representations

are, as he knows, under examination and I believe they have reached the stage of a despatch before the Secretary of State, but obviously he cannot expect me to make any answer in detail to those points. There are two points, however, in regard to military expenditure with which Mr. Rama Aiyangar dealt, to which I should like to refer. He challenged the statement of His Excellency the Army Member that there had been no fall but on the contrary a rise in prices, and he quoted as against His Excellency the Army Member, the statement in my budget speech that there had been a fall in general wholesale prices of quite considerable amount. For all commodities in January 1923, which may be taken as the date when the Incheape Committee was framing their Report, the index number of wholesale price was 179, it was 172 in January 1924, 171 in January 1925, and 163 in December 1925. There has therefore been a fall not of 26 but of 16 in the general commodity number. But the articles which are of real importance in regard to this question of prices for the Army are food and forage, that is, mainly the cereals and pulses. The movement in the prices or rather in the index number of prices of cereals and pulses has, as I think Honourable Members are generally aware, been strikingly in contrast to the movement of general prices in the last two years. In January 1923 the index number for cereals was 114 and in December 1925 it was 138. For pulses the index number in January 1923 was 118 and in December 1925 it was 151. There has been a very large increase during this period in prices of food grains. At the same time, there has been a very considerable fall in general commodity prices, and that is part of a world-wide movement of readjustment. One of the effects of the war and post-war period was largely to put the prices of agricultural products out of equilibrium with general prices. They are now to a great extent coming together again. There was a very heavy fall in cereals in the year 1922 and in the case of pulses it was even greater, at a time when there was a slight rise in general prices, so that His Excellency the Army Member was quite right in saying that so far from there having been a fall in the prices, from the point of view of the Army in this connection, there has been a considerable rise. Another point that was made by Mr. Rama Aiyangar was that he complained that His Excellency had spoken of the figure of 50 crores mentioned by the Incheape Committee as a pious aspiration. Well, I am impious enough still to aspire to it. I do not say that it will be reached next year or the year after, but, for myself, at any rate I can say I do not entirely regard it as something to be kept altogether out of sight.

Mr. Neogy is the speaker with whom I should like to deal next and I should like to begin by saying that I was rather astonished at the bitterness which seemed to have invaded Mr. Neogy when he was making his speech. I do not know why, but he struck me as being very much more bitter in tone than I generally expect from Mr. Neogy. The particular question that I wish to deal with is what he had to say in regard to the commercial accounts of the Posts and Telegraph Department. He had two different complaints. One was that the introduction of the charge for interest into the account of the Post Office ought not to have been made without the knowledge of this House in 1921-22, and, secondly, that it is not a justifiable charge. As regards the first, I have here before me Sir Malcolm Hailey's speech as Finance Member made on the 1st March 1922 in which he dealt with the Posts and Telegraphs. After

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giving certain figures as to division of charges between capital and revenue he says:

"We estimate that the expenditure chargeable to the revenue account next year will exceed the receipts by about 96 lakhs after allowing for the debit of interest on the capital charge."

He definitely mentions that:

"This figure, however, does not include the cost of pensions on the one hand and on the other credits for certain concessional services rendered by the Department to Indian States or foreign governments. If we make adjustments on account of these items, there will be a further credit due to the Department of about 17 lakhs, and, allowing for this, it may be said that during the current year the Department has been working at a loss of about 80 lakhs. This has a very definite bearing on certain proposals that I shall shortly mention."

In the Memorandum published by the Financial Secretary a similar statement in regard to the inclusion of interest charges is made and it is perfectly evident that the interest charge was included with a definite object, namely, that of showing to the House and the country what was the true cost of the working of the Post Office.

Mr. K. C. Neogy: May I interrupt my Honourable friend? If he were to refer to the earlier part of this paragraph of Sir Malcolm Hailey's speech he will find that the reference is to the interest charged on a sum of Rs. 1,28,00,000 which was transferred from the revenue to the capital side in the Budget of 1921-22 on a motion made by Mr. Samarth. This does not deal with the total of the interest charge as entered in the revise of that year.

The Honourable Sir Basil Blackett: If the Honourable Member is not satisfied, I will refer him to the financial statement of the Finance Secretary made at that time in which he said:

"It has been decided to make a charge to the revenue account of the Department on account of interest on past outlay as in the case of capital outlay on railways and irrigation works. The debits on this account in the revised estimate for the current year and the Budget for next year are estimated at 66 lakhs and 66 lakhs respectively."

Mr. K. C. Neogy: There was no reference to this fact in the Budget speech of the Honourable the Finance Member.

The Honourable Sir Basil Blackett: The Honourable Member insinuated that this was introduced somehow secretly and was not explained at the time. I have shown that it was not introduced secretly and it was explained at the time. The reason why it was introduced was exactly the one which the Honourable Mr. Neogy suggested, namely, in order to show the true cost of the department and to bring out the fact which had been suspected but not shown previously that the department was running at a considerable loss and that the general taxpayer could not afford to go on subsidizing this department to such a heavy extent, and that the time had come when however reluctantly, the old lower rates of postage must be raised. That was the purpose with which the commercial account was brought clearly out.

Now, the second point is whether it is a reasonable charge to the commercial account of an undertaking such as the Posts and Telegraph Department? We have discussed this once or twice before. Mr. Cocke made the position very clear when he used the analogy of the sale of the

Posts and Telegraph Department as a going concern to a private company. What seems to be argued is that if I, as an individual, save a certain amount of money and invest it in a business out of my savings, I do not expect a return on it; but if I borrow money in order to invest it, then I expect a return.

Mr. K. O. Neogy: It is not an investment at all.

The Honourable Sir Basil Blackett: The Honourable Member has had his say and will he please allow me to continue? The tax-payer provides certain services for the users of Posts and Telegraphs. He has invested certain sums in the Department to provide those services and he wants to know what charge he should make to the users of those services in order that he may not make a profit but may avoid incurring a loss. I submit that it is patent to every body that if you want to find out whether or not you are running a service at a loss, you must include interest on the capital invested in the Department that gives the service. The object of course of arguing that you can afford to do without making this charge is to show that the Post Office has a large surplus. I would point out that so far as the Postal Department is concerned the charge for interest is only 7½ lakhs nearly all the charge for interest comes under the heads of Telephones or Telegraphs. It makes very little difference as far as the Post Office is concerned whether you charge the interest or not, but that does not affect the main argument. The main argument is that if you want to know whether you are subsidising the Posts and Telegraphs or not, you must show interest in one form or another. From the point of view of the Government as a whole it is a question simply whether you will give a subsidy in one form or another or not have a subsidy. I maintain that it is undesirable, if you can avoid it, to carry on such services as the carrying of mails and telegraph and telephone services, at a loss but that the Government should endeavour to give those services at the least possible charge. If by subsidising for a short time you can look forward to such an increase of profit on the further traffic that you carry, that you will be able in a few years to avoid the continuance of that subsidy, that is an argument and a very strong argument for the reduction of rates. But if the only effect of reducing rates will be to increase your loss, to cause an increasing subsidy in proportion as your traffic increases, you will embark on an extremely dangerous policy, and I say that I am myself, and the Government of India are convinced that it is out of the question to look forward, unless things move in an unexpected way in the matter of prices, to being able to revert to pre-war rates for letters and postcards within any time that it is worth worrying about, if ever.

Mr. B. Das: Are you going to separate the Departments?

The Honourable Sir Basil Blackett: I do not propose to go very deeply into the question of separation of the two departments. They are as far as possible separated in the accounts, but of course it is obvious that a good many hypotheses are involved in separating accounts of that sort as a great many services are carried on for Posts and Telegraphs in the same building by the same staff, and this is a difficulty which has baffled others. But I say in answer to another question of Mr. Neogy that in my view it is desirable, so long at any rate as the Government run the Telegraphs, that you should consider the Department as a whole and that you cannot wisely ignore your Telephones and Telegraphs in considering what

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rates to charge for your postcards and your letters. In any case if I may anticipate what my Honourable friend, Sir Bhupendra Nath Mitra, will have to say on one of the clauses of this Bill, the amount that is possibly available within the Post Office vote is certainly not enough for any of the reductions of the kind that seem to be desired judging by what is down in the paper. (*An Honourable Member*: "Is that a reason for making a gift to the Telephones?") The argument put forward is that interest should not be charged. If that is pressed the Telephones are running at considerable profit. If Honourable Members are at all moved by parallels from other countries, I find that in all the accounts of other countries that I have been able to get hold of, it is the regular practice to charge interest in commercial accounts, and the regular rule adopted is either to try and make some small profit for the tax-payer out of Posts and Telegraphs, in order to compensate for loss of income-tax and so on, or to avoid running them at a loss.

Mr. K. Rama Aiyangar: Would not the charge for interest which is now made to the Telegraph Department go to the Postal Department because the Postal Department built all those buildings?

The Honourable Sir Basil Blackett: If the Honourable Member wishes to subsidise the Post Office he can do it in several ways but it is entirely unnecessary to invent irrelevant ways of doing it.

I did not follow Mr. Neogy's objection to this Finance Bill on the ground that the power of certification existed. It is open to him to raise the practical question of certification by trying to throw the Bill out, but I do not see that what he had to say on that subject was relevant. The Bill is before the House for its consideration on merits, and I have very little doubt that they will find those merits sufficient to pass it very much as it stands.

Colonel Gidney and Mr. B. Das had something to say on the subject of the Imperial Bank. I too regret, as Mr. B. Das does, that we did not have the opportunity of dealing this Session with his Bill on the Imperial Bank. He began his remarks about the Imperial Bank by saying "the Imperial Bank, everyone knows what it is", but I came to the conclusion that he had not the ghost of a notion himself. He made statement after statement which had absolutely no foundation in fact, absolutely and entirely incorrect; his perfervid imagination invented figures as he went along. I have no doubt he believed that they were facts, but it is impossible for me to come here and do otherwise, when such figures, which exist only in his imagination—however much he may believe they are facts—are thrown at my head, than tell him as politely as I can that they are not facts. Colonel Gidney drew attention to the allegation that there is no provision for allowing Indians into the Imperial Bank. This is entirely untrue. Mr. B. Das said that the Bank was entirely run by vested interests and was not admitting any Indians into it by putting the difficulty in their way that they had to have previous European training. That is not the case. The Bank have made very elaborate arrangements for training Indian officers. The condition as regards previous European training is strictly enforced as regards Europeans. It is absolutely not enforced at all as regards Indians. So far from enforcing it for Indians the Bank have invited applications and have a waiting list of something like 4,000 people waiting for admission on these terms. They are

being admitted and being trained by the Bank and Colonel Gidney is no doubt right in saying that there are at least 800 of them in the service. Colonel Gidney had a grievance on that matter which partially accounts for my being aware of the position in this instance. Colonel Gidney's grievance has been that Anglo-Indians were not admitted as Indians as probationers in the Imperial Bank. That was the case until about six months ago I think, but on the attention of the Imperial Bank being drawn to the view of the Government of India that Anglo-Indians were to be treated and were being treated for all purposes of appointments to the civil services in India as Indians, the Bank has agreed to treat Anglo-Indians as Indians for this purpose

Mr. B. Venkatapatiraju: Indian pay and Indian qualifications, not European pay and European qualifications?

The Honourable Sir Basil Blackett: I do not think there is any difference; so far as I am aware they admit them as Indians exactly on the same basis as other Indians.

Some thing was said by Mr. Rama Aiyangar on our provision for debt being excessive. I have by chance, after the debate that took place last week, come across evidence, which was not in my possession at that time in regard to the position both in the United States of America and in the United Kingdom. In both countries the provision for redemption of debt is on a considerably higher scale than it is in India. In both countries realised surpluses are applied to reduction of debt, and I am interested to observe that in the United States of America repayments by the allied Governments of the war loans made to them during the war are appropriated direct to debt redemption, which forms an interesting parallel to the proposal in the Finance Bill now before the House.

Mr. K. Rama Aiyangar: What is the proportion of the unproductive debt in those two countries?

The Honourable Sir Basil Blackett: As I have more than once stated, the Indian Government's plan is based on the total of the debt quite definitely, not merely on the unproductive debt. As illustrating the importance of sound finance on the Government of India's future borrowing, I should like to draw the attention of the House to the figures in regard to the way in which the market has received the Budget. $3\frac{1}{2}$ per cent. Government paper on March 1st was quoted at 71. On March 12th it was quoted at Rs. 72-12. 5 per cent. War Loan 1929-47 was quoted in Calcutta at 97/8 on 1st March. On March 12th it was quoted at 98/14. 5 per cent. Bonds 1985 were quoted in Calcutta on 1st March at Rs. 97/7; on March 12th they were Rs. 98/14. What that means in the possible reduction of charges for interest will, I think, appeal to Mr. Rama Aiyangar, whose mind is open to conviction

Sardar V. N. Mutalik: Is it due only to the Budget?

The Honourable Sir Basil Blackett: That is since the date of the Budget; I think it is due almost entirely to the figures given in the Budget as regards our borrowing next summer.

Mr. Kasturbhai Lalbhai: Because of the implied suggestion that the rate of interest will be less.

The Honourable Sir Basil Blackett: It is all on the lines of my anticipation, and it is very satisfactory from the point of view of the tax-payer of this country. I do not complain of the use made by the House of the debate to-day, but I do think there is some room for complaint as to the use made of the opportunities this year of the budget discussion. I have sat here last week during the two days that were devoted to the constitutional issue and realised the full greatness of the co-operation of the Swaraj Party in this year's Budget. I was reminded of the beautiful lines of an Indian poet. I think they occur in her volume entitled "The Bird of Time":

"How shall I woo thee, oh dearest?
With the delicate silence of love."

There I think we have real co-operation, whatever it may have been in words. I also amused myself I am afraid in parodying Longfellow. I imagined myself sitting down in front of an examination paper on which the question was: "Define the precise extent of co-operation received from the Swaraj Party during the last year", with a note: "This should be done in poetic form as the blessed word 'co-operation' cannot be taken in a common or garden meaning". And my answer to it was a parody of Longfellow:

"Let us then go on accusing,
Flout the Secretary of State,
Still reviling, still abusing,
In a word, *co-operate*."

There was another poem I thought of during those debates, or rather some lines from an 18th century poem:

"In every Government though terrors reign,
Though tyrant kings and tyrant laws restrain,"

(I suppose that is Sir Alexander Muddiman and the Vagrancy Bill),

"How small of all that human hearts endure,
The part that kings or laws can cause or cure,
For forms of Government let fools contest,
That which is best administered is best."

Mr. B. Venkatapatiraju: The last is wanted.

The Honourable Sir Basil Blackett: I do not entirely subscribe to the last statement because I believe in the essential superiority of self-discipline, rather in discipline imposed from outside. I apply that to liquor legislation as well as to politics; but I do think it contains a truth that is of value to us in India where we are apt to be continually obsessed by what we regard as the political and constitutional problem. I do not deny the value of such a discussion, especially when it was on the level it was last week on Thursday and Friday, on the constitutional issue. And it was a discussion obviously followed with very great interest both by Members of this House and by others, an interest which I have not observed to-day. I was also very much interested in the course of that discussion to observe how Member after Member got up and talked about the sins of the Government, and very often went on to say that sin would be no more as soon as the Government were responsible to this House, and then Mr. Burdon got up to answer some remarks with respect to military affairs and he developed, line by line and precept by precept,

what had been done by the Government of India in the Military Department, often against great odds, in the successful starting of the Dehra Dun Military College; what had been done, or was being done, by the Government of India in regard to the Territorial Force, urban units, University Training Corps, and so on, all of them subjects which I maintain are absolutely vital to the matter in hand. They go right to the kernel of the problem, so much so that the Honourable Mr. Jinnah was constrained to get up in the middle of Mr. Burdon's remarks and ask if they were relevant! Now I do think that we sometimes forget that, when the Royal Commission or the Statutory Commission comes out, it will not consider only the successes or otherwise of dyarchy and the working of the constitution in this Assembly or the extent or otherwise of the co-operation received from various quarters. I venture to say that Dehra Dun with its Military College and its Forestry College and its Forestry Research Institute will loom not much less largely in the eyes of the Statutory Commission than the ephemeral pronouncements of Congress Committees at Cawnpore, and that that Commission will examine with interest the extent, and I gladly say it has been a very very great extent, to which the improvement of our finances has been brought about under the charge of a very largely Indianised Finance Department and its associated departments. Sir Hari Singh Gour inquired what was the difference between 1926 and 1929 and found that it was three years; but that did not seem to impress him. But there is a very important difference even in that three years. Honourable Members forget, I think, very often the silent revolution that has been taking place all through the departments of the Government of India and all through the services. An increasingly large number of Indians have been associated with the Government of India in ever higher and higher positions of responsibility. They are coming on in increasing numbers to higher posts of responsibility year by year; and I venture to say that when the Royal Commission does come it will find a very great deal to interest it on that side of the picture as well as in the constitutional debates of this House.

That leads me to make one more complaint as to the way in which the opportunities for the discussion of the Budget have been used. I should very much like to see something much more organised in order that this House might, for example in dealing with the Demands for Grants, get closely into touch with the administration of each of the important departments and use the opportunity afforded by the debate on the Demands for Grants for getting a general statement from the Member or officer in charge of the department as to his administration during the year, as to his hopes and fears for the future, and his general lines of policy, and at the same time of course naturally get him to answer criticisms. I believe that that sort of discussion, if selected Demands for Grants were taken year by year, would do a great deal to bring the Government into touch with the House and with the people, make them responsive if they are not responsive—where at present they are said not to be responsive,—and even make them sometimes responsive, because the necessity of explaining themselves does involve a very considerable amount of responsibility, whatever this House may like to say to the contrary. But I do feel that instead of that we have largely frittered away our opportunities. Very few of us came prepared to speak, myself among the rest, on the first day of the budget debate which wound up before lunch owing to the unwillingness of some people and the unreadiness of others to make their

[Sir Basil Blackett.]

speeches. Of the debates on the Demands for Grants, practically three days when all is said and done were devoted entirely to the constitutional issue. We have made up to some extent to-day, but if my reply this evening is unsatisfactory it is largely because during the budget debate and the debate on the Demands for Grants each of the points raised can be answered by the Member in charge of the particular department concerned; he can make his speech and he can explain the points that have been raised. But here in a second reading debate on the Finance Bill the opportunity is much more limited, and it is left to me to deal with all the various criticisms that have been brought against the Government of India. I have not attempted to deal with them all. The rest will be found enshrined in the volume of debates which will no doubt be perused with very great interest by the Members and officers in charge of the departments concerned; and I hope that some at any rate will feel that they have been benefited by doing so. But perhaps I have wandered enough from the subject of the second reading of the Bill, and, as it is now half-past five, I will pull myself up and once more commend my motion to the House.

Mr. President: The question is :

“ That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt, be taken into consideration.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 16th March, 1926.